



AGENDA

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

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

August 3, 2017 – Thursday

5:00 p.m.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
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 June 1, 2017
 - b. Acceptance of Statement of Revenues and Expenses for May 2017
 - c. Information on Statement of Revenues and Expenses for June 2017
 - d. Establish the Appropriations Limit for Fiscal Year 2018 in the Amount of \$684,431,558
6. Public Comment
Public comment by each individual speaker shall be limited to one minute. If you wish to address the Board, please fill out a speaker's card located on the agenda table and hand it to the TA Secretary.
7. Chairperson's Report
8. San Mateo County Transit District Liaison Report – K. Matsumoto
9. Joint Powers Board Report – J. Hartnett
10. Report of the Executive Director – J. Hartnett
11. Program
 - a. Program Report: Alternative Congestion Relief
12. Finance
 - a. Allocation of \$458,500 in New Measure A Alternative Congestion Relief Funds to the Peninsula Traffic Congestion Relief Alliance to Support the Countywide Congestion Relief Program for Fiscal Year 2018
 - b. Authorize Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended June 30, 2017

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
August 3, 2017 Agenda

- c. Allocation of \$9,577,753 in New Measure A Funds to the San Mateo County Transit District for Application Towards the Caltrain Program Category and the Paratransit Program Category

13. Program

- a. Program Report: Peninsula Corridor Electrification Project
- b. Update on State and Federal Legislative Program

14. Requests from the Authority

15. Written Communications to the Authority

16. General Counsel Report

17. Date/Time of Next Regular Meeting: Thursday, September 7, 2017, 5 p.m. at
San Mateo County Transit District Administrative Building, Bacciocco Auditorium,
2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

18. 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 Authority Website at www.smcta.com. Communications to the Board of Directors can be e-mailed to board@smcta.com.

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, FLX, 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.

Accessibility for Individuals with Disabilities

Upon request, the TA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to the Authority Secretary at the San Mateo County Transportation Authority, 1250 San Carlos Avenue, San Carlos, CA 94070-1306 or emailed to board@smcta.com; or by phone at 650-508-6242, 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.

MINUTES OF JUNE 1, 2017

MEMBERS PRESENT: E. Beach, M. Freschet, D. Horsley, C. Johnson, K. Matsumoto

MEMBERS ABSENT: C. Groom (Chair), K. Ibarra

STAFF PRESENT: J. Cassman, A. Chan, C. David, J. Hartnett, J. Hurley, K. Kelly,
N. McKenna, M. Simon, S. van Hoften

Vice Chair Don Horsley called the meeting to order at 5:01p.m. and led the Pledge of Allegiance.

PUBLIC HEARING – FISCAL YEAR (FY) 2018 BUDGET

Kathleen Kelly, Interim Chief Financial Officer, presented the item. The proposed FY2018 budget is \$86,844,264 and no changes have been made since the preliminary budget was presented in May.

Motion to close the public hearing: Johnson/Beach
Ayes: Beach, Freschet, Johnson, Matsumoto, Horsley
Absent: Groom, Ibarra

ADOPTION OF THE FISCAL YEAR 2018 BUDGET IN THE AMOUNT OF \$86,844,264

Adopted by Resolution No. 2017-10
Motion/Second: Johnson/Matsumoto
Ayes: Beach, Freschet, Johnson, Matsumoto, Horsley
Absent: Groom, Ibarra

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Barbara Arietta, CAC Chair, reported on the meeting of May 30, 2017 (see attached).

APPROVAL OF CONSENT CALENDAR

- a) Approval of Minutes of May 4, 2017
- b) Acceptance of Statement of Revenues and Expenditures for April 2017

Motion/Second: Beach/Johnson
Ayes: Beach, Freschet, Ibarra, Johnson, Matsumoto, Horsley
Absent: Groom, Ibarra

PUBLIC COMMENT

None

NOMINATING COMMITTEE REPORT FOR THE CITIZENS ADVISORY COMMITTEE (FRESCHET, HORSLEY)

Director Maureen Freschet said 20 applications were received for five seats. The Committee is recommending appointment of Ken Chin and reappointment of incumbents Pamela Haynie, Rich Hedges, Steve Stamos and William Warhurst.

Motion/Second: Freschet/Horsley

Ayes: Beach, Freschet, Johnson, Matsumoto, Horsley

Absent: Groom, Ibarra

CHAIRPERSON'S REPORT

Vice Chair Horsley said Chair Carole Groom was reappointed to the California Coastal Commission for four years.

SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT – K. MATSUMOTO

No report.

PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) REPORT – J. HARTNETT

The June 1 report is in the reading file.

REPORT OF THE EXECUTIVE DIRECTOR – J. HARTNETT

Jim Hartnett, Executive Director, said he will provide a written report to the Board.

PROGRAM REPORT: 2017 CALTRAIN ANNUAL PASSENGER COUNTS

Catherine David, Principal Planner, presented this informational item. Key highlights are:

- Purpose is to provide a measurement relative to previous years, data is used for evaluating service changes, allocate resources to address capacity issues and validate revenue-based ridership estimates.
- Methodology:
 - Count every weekday train averaged over five weekdays
 - Count every weekend train for one weekend
 - Sixth year bikes denied boarding were counted
- Challenges:
 - New consultant and sub-consultant team contracted with to conduct, oversee and manage field surveys
 - Past winter wettest year on record with rain 29 out of 40 days
- Average weekday ridership was 62,190, a slight decrease of 0.4 percent from last year.
- Nine stations had increased weekday ridership and 16 stations had decreased weekday ridership.
- The 10 highest stations for weekday boardings remained the same.
- San Francisco County had a slight increase in ridership.
- Gilroy weekday ridership declined 6.3 percent.
- Baby Bullet service had the largest increase at 16.2 percent.
- Average weekday trip length for higher than 2016.
- Average weekday bike ridership decreased 5.5 percent.

- 87 bikes were denied boarding from the 527 trains counted (a decrease from 118 in 2016).
- Carried approximately 27,369 bikes on the trains counted.
- Denied bike boardings at 11 stations.
- Weekend service was down 2.7 percent.
- Next steps:
 - Review equipment allocation of six-car trains
 - Key findings report and ridership to be posted by summer 2017
 - Future service planning using ridership data to improve capacity prior to and during electrification
 - Planning for future annual counts methodology

Board comments included wanting to know the process and timetable for electrification, the bike share in Redwood City could be a factor for the decrease in bike boardings and what needs to be done for more service to the new South San Francisco Station as more shuttles will be picking up there instead of Millbrae.

Capital Projects Quarterly Status Report – 3rd Quarter Fiscal Year 2017

Joe Hurley, Director, Transportation Authority, presented this informational item.

Public Comment

Greg Conlon, Atherton, said there are four cities that have hold out stations that need to be addressed.

Update on State and Federal Legislative Program

Mark Simon, Chief of Staff said at the State level staff is looking at Senate Bill (SB) 1 implementation. Staff is attending the California Transportation Commission workshops this week to learn about the guidelines that will be rolled out over the next few months. Mr. Simon said staff is seeing a lot of opportunity for projects and the Highway 101 corridor was specifically called out in the legislation under the Congested Corridors Program. He said staff will continue to monitor the rollout of the guidelines and expect the first programs to start adoption in May 2018. Mr. Simon said SB595 passed the Senate last week. This is still a spot bill so it is lacking many details. He said the project priority list was shared with the delegation.

Mr. Simon said at the Federal level Caltrain was awarded a \$21 million grant from the Federal Transit Administration for the continuation and implementation of the Communications-Based Overlay Signal System/Positive Train Control. He said these funds were awarded from \$197 million program authorized in the last Surface Transportation bill. The funds will specifically help ensure trains will continue to operate on the Union Pacific corridor south of San Jose.

REQUESTS FROM THE AUTHORITY

Director Matsumoto asked if staff is working on her Measure A request.

DATE AND PLACE OF NEXT REGULAR MEETING

Thursday, August 3, 2017 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd floor, 1250 San Carlos Avenue, San Carlos CA 94070

The Board voted to cancel the July 6 meeting.

REPORT OF LEGAL COUNSEL

Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1): Pacificans for a Scenic Coast vs. California Department of Transportation, Respondents and Defendants, and San Mateo County Transportation Authority and City of Pacifica, Real Parties in Interest and Defendants. Case No. CIV 523973

Joan Cassman, Legal Counsel, said there is no need for closed session.

The meeting adjourned at 5:55 p.m.

TA CAC Chair's Report

June 1, 2017

Good evening, Madame Chair and Members of the Board.

I have the following to report from Tuesday's meeting of the CAC:

(TA Item 4a) The CAC supported Adoption of the Fiscal Year 2018 Budget in the Amount of \$86,844,264, without question or comments.

(TA Item 6a) The CAC reviewed the Board's Minutes of May 4, 2017 without questions or comments.

(TA Item 6b) The CAC supported the Acceptance of the Statement of Revenues and Expenditures for April 2017, without questions or comments.

(TA Item 13a) Following a highly informative Program Report on the 2017 Caltrain Annual Passenger Counts by Catherine David, Principal Planner with Rail Transportation, the CAC questioned the decrease in Caltrain's 2017 ridership counts. Speculative reasons for the decrease suggested by the CAC included the current state of overcrowding on several trains, with too few seats available for passenger comfort and also the possible effects of last year's fare increase, which gave rise to concerns from the CAC about a potential continued decrease in future passenger ridership upon the implementation of any future fare increases, which, undoubtedly, will be needed for Caltrain's operations, at some point, in the not too distant future.

Questions were also asked about how Caltrain validates revenue ridership estimates. What's the connection between buying tickets and how many people are actually on the train? Some CAC members shared that it has been their personal observation that fare enforcement is, indeed, a problem, due to overcrowding. Passengers have been seen to board and work their way through the trains ahead of the conductors and then get off the trains ...without ever having paid the fare that was due.

Another issue voiced by the CAC members was the amount of information currently being given to bike riders before boarding the train in reference to "bike bumps". Suggestions were made that it would be beneficial to the public to receive more information about which trains were filled at capacity for bikes than what they are currently receiving, so that riders with bikes could better plan which trains would be best for them to take. CAC members suggested that it also might prove to be beneficial for the public to have more bike racks at stations in order to accommodate those bike riders that are being "bumped" from the trains, due to bike capacity having been reached. CAC members felt that it would be good to have an enhanced reporting system that would show not only real-time info, but trends also concerning bike capacity.

And, finally, Caltrain parking can also be an issue. CAC members commented that, for example, there are signs throughout the parking garage at the Millbrae Transit Center that there is no Caltrain parking allowed in the garage. The Millbrae station, with 228 less riders in 2017 than 2016, has shown to have experienced the largest decrease in ridership in the county since last year. Whether Caltrain parking availability played a part in this fact is unknown, but something to consider at this point.

(TA Item 13b) The CAC received a brief report on the Capital Projects Quarterly Status Report -3rd Quarter Fiscal Year 2017 from Joe Hurley, Director, TA Program, without questions or comments.

(TA Item 13c) The CAC received a Legislative Program update from Joe Hurley and was extremely pleased to hear that on May 22nd Caltrain received \$647 million for its electrification from the Federal Transit Administration and looks forward to the electrified system being completed in 2021. Members of the CAC, however, expressed concern about the \$2.4 billion in projected cuts to the Department of Transportation programs, in the recently released proposed Fiscal Year 2018 Trump Administration's budget, which also potentially includes the elimination of the TIGER program. However, the CAC was pleased to learn that the recommendations in the future budget did include \$100 million for Caltrain Electrification and expressed gratitude to Congressional members, Jackie Speier and Anna Eshoo and our two Senators, for their efforts to achieve same..

In my own Chair's Report to the CAC, I advised the following:

I reminded the CAC that there will be two upcoming Caltrans public information meetings on the proposed US 101 Managed Lanes Project on U S Route 101. The first will be on Wednesday, May 31st at 6:30pm at San Mateo City Hall and for those that were unable to make that meeting another presentation will be given on Monday, June 5th at 6:30pm at Redwood City's City Hall.

Staff Report:

In Joe's staff report; he advised the CAC that he will be participating in giving the presentations at the upcoming US 101 Managed Lanes Project meetings on U S Route 101. Joe also announced that the interviews for filling the open five positions on the CAC have been concluded and that the nominations to the CAC will be announced at tonight's TA Board meeting. Additionally, Joe informed the CAC that there were two public meetings conducted on the Peninsula Ave Interchange Project on 5/16 and 5/17. He said that the public had many opinions on this project, with the issue of "cut through traffic" being a predominant concern from nearby residents.

Respectfully submitted,

BARBARA ARIETTA

Chair, San Mateo County Transportation Authority CAC

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
MAY 31, 2017**

ACTION

Staff proposes that the Board accept and enter into the record the Statement of Revenues and Expenditures for the month of May 2017 and supplemental information.

SIGNIFICANCE

Revenues: Year-to-date *Total Revenue* (\$81,310,751 - line 7) is **better** than budget by \$2,121,259 or 2.7 percent. *Sales Tax* (\$74,234,206 - line 1) is **worse** than budget by \$1,134,467 or 1.5 percent and *Interest Income* (\$4,720,145 - line 2) is \$1,993,538 or 73.1 percent **better** than budget due to the sale of bonds in the portfolio for a premium.

Total Revenue (\$81,310,751 - line 7) is \$4,400,321 or 5.7 percent **better** than prior year actuals. *Sales Tax* (\$74,234,206 - line 1) is \$1,863,729 or 2.6 percent **better** than prior year. *Interest Income* (\$4,720,145 - line 2) is \$1,244,567 or 35.8 percent **better** than prior year.

Expenditures: *Total Administrative Expenses* (\$1,143,554 - line 22) are **better** than budget by \$235,519 or 17.1 percent. Within total administrative expenses, *Staff Support* (\$577,376 - line 18) is \$124,240 or 17.7 percent **better** than budget and *Other Admin Expense* (\$566,058 - line 20) is **better** than budget by \$106,399 or 15.8 percent.

Budget Amendment:

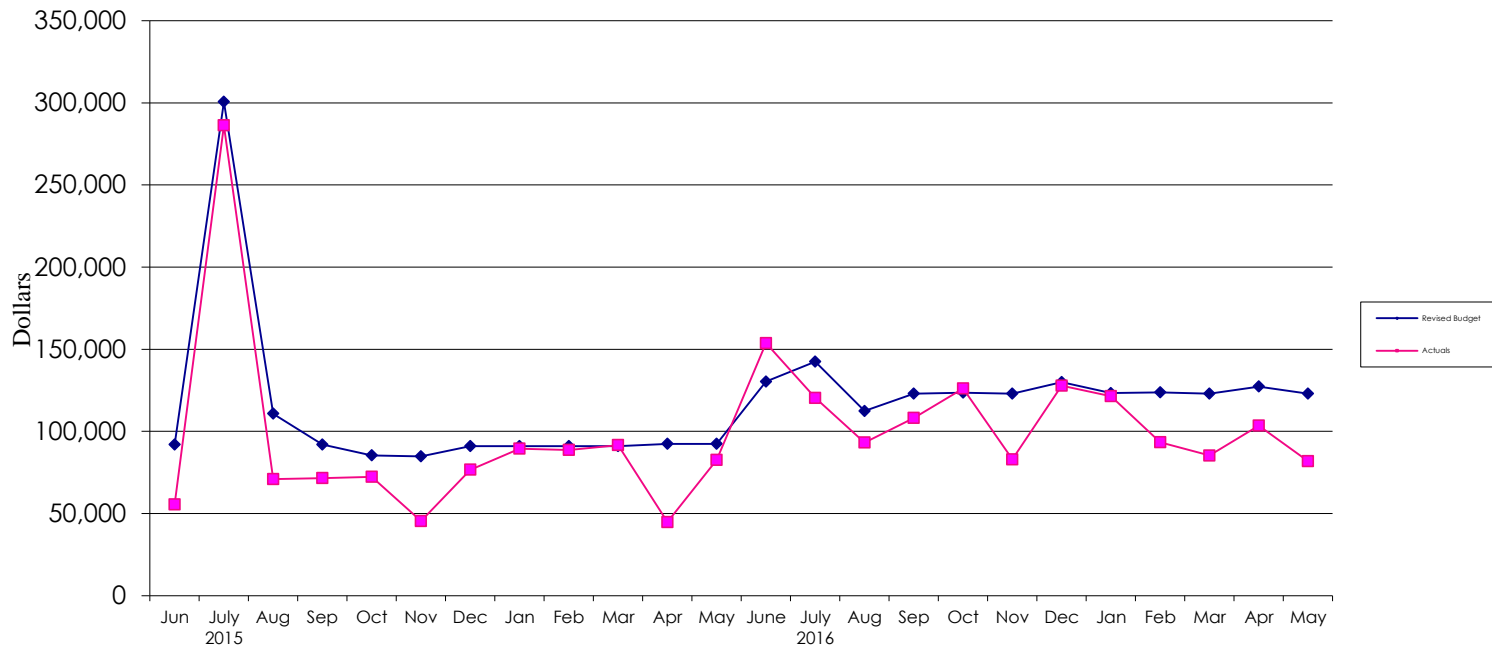
There are no budget amendments for the month of May 2017.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
Fiscal Year 2017
May 2017

% OF YEAR ELAPSED: **91.7%**

| | MONTH | YEAR TO DATE | | | | ANNUAL | | |
|--|-----------------------|------------------------|------------------------|--|---------------|------------------------|---------------------|--------------|
| | CURRENT ACTUAL | PRIOR ACTUAL | CURRENT ACTUAL | REVISED BUDGET | % OF PROJ | ADOPTED BUDGET* | REVISED BUDGET** | % OF PROJ |
| REVENUES: | | | | | | | | |
| 1 Sales Tax | 5,546,623 | 72,370,477 | 74,234,206 | 75,368,673 | 98.5% | 83,000,000 | 83,000,000 | 89.4% |
| 2 Interest Income | 463,577 | 3,475,578 | 4,720,145 | 2,726,607 | 173.1% | 2,974,480 | 2,974,480 | 158.7% |
| 3 Miscellaneous Income | 0 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0.0% |
| 4 Rental Income | 117,585 | 1,064,374 | 1,128,662 | 1,094,212 | 103.1% | 1,193,686 | 1,193,686 | 94.6% |
| 5 Grant Proceeds | 107,688 | 0 | 1,227,738 | 0 | 0.0% | 0 | 0 | 0.0% |
| 6 | | | | | | | | |
| 7 TOTAL REVENUE | 6,235,473 | 76,910,430 | 81,310,751 | 79,189,492 | 102.7% | 87,168,166 | 87,168,166 | 93.3% |
| 8 | | | | | | | | |
| EXPENDITURES: | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 Annual Allocations | 2,024,517 | 26,415,224 | 27,095,485 | 27,518,442 | 98.5% | 30,295,000 | 30,295,000 | 89.4% |
| 12 | | | | | | | | |
| 13 Program Expenditures | 458,106 | 31,034,209 | 28,810,337 | 128,899,719 | 22.4% | 69,522,015 | 134,693,234 | 21.4% |
| 14 | | | | | | | | |
| 15 Oversight | 88,275 | 893,285 | 848,321 | 1,086,250 | 78.1% | 1,185,000 | 1,185,000 | 71.6% |
| 16 | | | | | | | | |
| 17 Administrative | | | | | | | | |
| 18 Staff Support | 62,542 | 503,172 | 577,376 | 701,616 | 82.3% | 827,084 | 761,212 | 75.8% |
| 19 Measure A Info-Others | - | 107 | 120 | 5,000 | 2.4% | 15,000 | 15,000 | 0.8% |
| 20 Other Admin Expenses | 19,191 | 523,312 | 566,058 | 672,457 | 84.2% | 690,361 | 756,233 | 74.9% |
| 21 | | | | | | | | |
| 22 Total Administrative | 81,733 | 1,026,591 | 1,143,554 | 1,379,073 | 82.9% | 1,532,445 | 1,532,445 | 74.6% |
| 23 | | | | | | | | |
| 24 TOTAL EXPENDITURES | 2,652,631 | 59,369,310 | 57,897,697 (1) | 158,883,484 | 36.4% | 102,534,460 | 167,705,679 | 34.5% |
| 25 | | | | | | | | |
| 26 EXCESS (DEFICIT) | 3,582,842 | 17,541,119 | 23,413,054 | (79,693,992) | | (15,366,294) | (80,537,513) | |
| 27 | | | | | | | | |
| 28 BEGINNING FUND BALANCE | Not Applicable | 469,005,891 | 481,434,137 | 481,434,137 | | 479,742,406 | 481,434,137 | |
| 29 | | | | | | | | |
| 30 ENDING FUND BALANCE | Not Applicable | 486,547,010 | 504,847,191 (2) | 401,740,145 | | 464,376,112 | 400,896,624 | |
| 31 | | | | | | | | |
| 32 | | | | | | | | |
| 33 Includes the following balances: | | | | | | | | |
| 34 Cash and Liquid Investments | | 3,856,506 | | FY 2016 Carryover of Commitments (Audited) | | 324,762,553 | | |
| 35 Current Committed Fund Balance | | 434,570,535 (3) | | FY 2017 Additional Commitments (Budgeted) | | 102,534,460 | | |
| 36 Undesignated Cash & Net Receivable | | 66,420,150 | | Reso#2017-04 | | 65,300,000 | | |
| 37 Total | | <u>504,847,191 (2)</u> | | Reso#2017-04 | | (128,781) | | |
| 38 | | | | Less: Current YTD expenditures | | (57,897,697) (1) | | |
| 39 | | | | Current Committed Fund Balance | | <u>434,570,535 (3)</u> | | |
| 40 | | | | | | | | |
| 41 | | | | | | | | |
| 42 | | | | | | | | |
| 43 "% OF YEAR ELAPSED" provides a general measure for evaluating overall progress | | | | | | | | |
| 44 against the annual budget. When comparing it to the amounts shown in the | | | | | | | | |
| 45 "% of PROJ" column, please note that individual line items reflect variations | | | | | | | | |
| 46 due to seasonal activities during the year. | | | | | | | | |
| 47 | | | | | | | | |
| 48 * The TA Adopted Budget is the Board adopted budget effective June 2, 2016. | | | | | | | | |
| 49 ** The TA Revised Budget is the adopted budget including year to date budget transfers. | | | | | | | | |
| 50 | | | | | | | | |
| 51 | | | | | | | | |
| 52 | | | | | | | | |
| 53 | | | | | | | | |
| 54 | | | | | | | | |
| 55 | | | | | | | | |
| 56 | | | | | | | | |
| 57 | | | | | | | | |

SAN MATEO COUNTY TRANSPORTATION AUTHORITY ADMINISTRATIVE EXPENSES



Current Year Data

| | Jul '16 | Aug '16 | Sep '16 | Oct '16 | Nov '16 | Dec '16 | Jan '17 | Feb '17 | Mar '17 | Apr '17 | May '17 | Jun '17 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|---------|
| MONTHLY EXPENSES | | | | | | | | | | | | |
| Revised Budget | 142,412 | 112,375 | 122,997 | 123,506 | 122,881 | 129,886 | 123,316 | 123,657 | 122,881 | 127,281 | 122,881 | |
| Actual | 120,361 | 93,168 | 108,088 | 126,101 | 82,951 | 127,781 | 121,335 | 93,318 | 85,263 | 103,455 | 81,733 | |
| CUMULATIVE EXPENSES | | | | | | | | | | | | |
| Staff Projections | 147,412 | 259,787 | 382,784 | 506,290 | 629,171 | 759,057 | 882,373 | 1,006,030 | 1,128,911 | 1,256,192 | 1,379,073 | |
| Actual | 120,361 | 213,529 | 321,617 | 447,718 | 530,669 | 658,450 | 779,785 | 873,103 | 958,366 | 1,061,821 | 1,143,554 | |
| Variance-F(U) | 27,051 | 46,258 | 61,167 | 58,572 | 98,502 | 100,607 | 102,588 | 132,927 | 170,545 | 194,371 | 235,519 | |
| Variance % | 18.35% | 17.81% | 15.98% | 11.57% | 15.66% | 13.25% | 11.63% | 13.21% | 15.11% | 15.47% | 17.08% | |



CAROLE GROOM, CHAIR
DON HORSLEY, VICE CHAIR
EMILY BEACH
MAUREEN FRESCHET
KEN IBARRA
CAMERON JOHNSON
KARYL MATSUMOTO

JIM HARTNETT
EXECUTIVE DIRECTOR

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECT RESERVES

AS OF MAY, 2017

| TYPE OF SECURITY | | MATURITY DATE | INTEREST RATE | PURCHASE PRICE | MARKET VALUE |
|------------------------------|-----|---------------|---------------|-----------------------|-----------------------|
| County Pool #2 | * | Liquid Cash | 1.075% | \$ 322,730,182 | \$ 322,730,182 |
| Local Agency Investment Fund | ** | Liquid Cash | 0.925% | \$ 982,101 | \$ 982,101 |
| Investment Portfolio | *** | Liquid Cash | 0.000% | \$ 156,394,429 | \$ 156,214,079 |
| Other | | Liquid Cash | 0.000% | \$ 3,856,506 | \$ 3,856,506 |
| | | | | <u>\$ 483,963,219</u> | <u>\$ 483,782,868</u> |

Accrued Earnings for May 2017 \$ 532,055
Cumulative Earnings FY2017 \$ 4,569,407

* County Pool average yield for the month ending May 31, 2017 was 1.075%. As of May 2017, the total cost of the Total Pool was \$5,118,774,158 and the fair market value per San Mateo County Treasurer's Office was \$5,123,720,016.

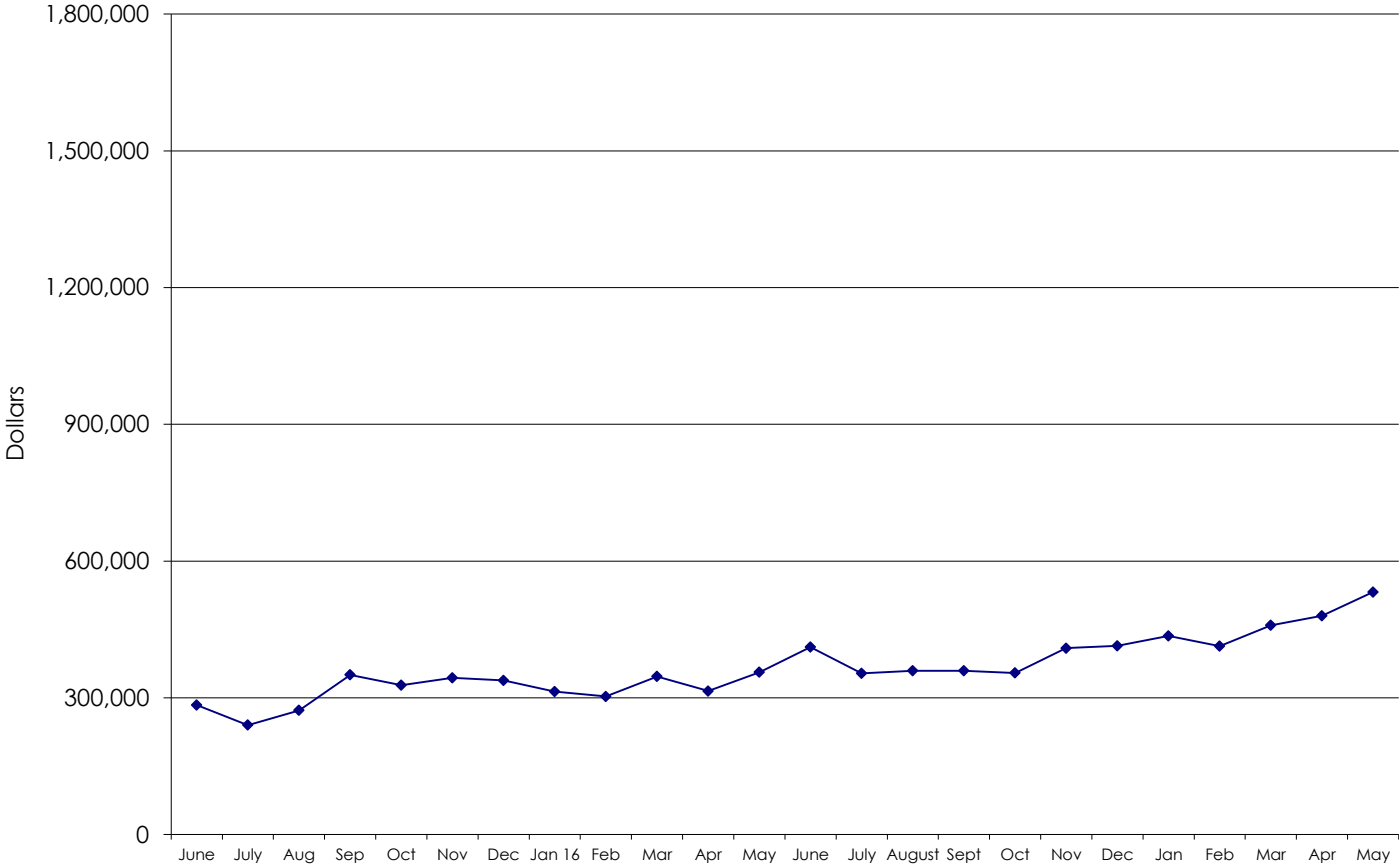
** The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

*** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The Authority has the ability to meet its expenditure requirements for the next six months.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INTEREST STATEMENT
MAY 2017**

| FY2017 | CURRENT MONTH TOTAL | FISCAL YEAR TO DATE TOTAL |
|-----------|------------------------|------------------------------|
| JULY | 353,654.57 | 353,654.57 |
| AUGUST | 359,138.35 | 712,792.92 |
| SEPTEMBER | 359,211.30 | 1,072,004.22 |
| OCTOBER | 354,480.28 | 1,426,484.50 |
| NOVEMBER | 408,822.31 | 1,835,306.81 |
| DECEMBER | 413,775.91 | 2,249,082.72 |
| JANUARY | 435,716.82 | 2,684,799.54 |
| FEBRUARY | 413,341.95 | 3,098,141.48 |
| MARCH | 459,171.84 | 3,557,313.33 |
| APRIL | 480,039.21 | 4,037,352.54 |
| MAY | 532,054.56 | 4,569,407.10 |
| JUNE | | |

SMCTA Interest Income



SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INTEREST ON INVESTMENTS
May 31, 2017

| DESCRIPTION | TOTAL INVESTMENT 05-31-17 | INTEREST RECEIVABLE 04-30-17 | PREPAID INT RECEIVABLE 04-30-17 | INTEREST EARNED 05-31-17 | INTEREST RECEIVED 05-31-17 | ADJ. | INTEREST RECEIVABLE 05-31-17 |
|---------------------------|---------------------------------|------------------------------------|---------------------------------------|--------------------------------|----------------------------------|-------------|------------------------------------|
| LAIF | 982,101.22 | 712.98 | 0.00 | 771.55 | | | 1,484.54 |
| COUNTY POOL | 322,730,182.40 | 274,261.75 | 0.00 | 294,751.37 | | | 569,013.11 |
| BANK OF AMERICA | 2,954,283.22 | 0.00 | 0.00 | | | | 0.00 |
| WELLS FARGO | | 0.00 | 0.00 | | | | 0.00 |
| US BANK (Cash on deposit) | 902,222.42 | 0.00 | 0.00 | | | | 0.00 |
| INVESTMENT PORTFOLIO | 156,214,078.68 | 526,163.70 | 11,543.84 | 236,531.64 | 208,005.77 | | 566,233.41 |
| | | 0.00 | | | | | 0.00 |
| | <u>483,782,867.94</u> | <u>801,138.43</u> | <u>11,543.84</u> | <u>532,054.56</u> | <u>208,005.77</u> | <u>0.00</u> | <u>1,136,731.06</u> |

MAY 2017 -- SUMMARY OF INTEREST & CAPITAL GAIN

| | | |
|-------------------------------------|----------|--------------------------|
| Interest Earned Per Report | 05/31/17 | 532,054.56 |
| Add: | | |
| Less: | | |
| Management Fees | | (9,250.00) |
| Amortized Premium/Discount | | (2,343.21) |
| Capital Gain(Loss) | | <u>(68,478.00)</u> |
| Total Interest & Capital Gain(Loss) | | <u><u>451,983.35</u></u> |

YEAR TO DATE -- SUMMARY

| | |
|----------------------------|----------------------------|
| Interest Earned | 4,569,407.08 |
| Add: | |
| Less: | |
| Management Fees | (101,750.00) |
| Amortized Premium/Discount | (105,104.46) |
| Capital Gain(Loss) | <u>150,738.27</u> |
| Total Interest | <u><u>4,513,290.89</u></u> |

| | | |
|------------------------------------|----------|----------------------------|
| Balance Per Ledger as of | 05/31/17 | |
| Amort Prem/Disc-acct 409104 | | (105,104.46) |
| Management Fees (530040) | | (101,750.00) |
| Int Acct. 409100 - Co. Pool | | 2,749,494.62 |
| Int Acct. 409100 - LAIF | | 6,510.94 |
| Int Acct. 409101 - Portfolio Funds | | 1,813,401.52 |
| Gain(Loss) Acct. 405210 | | <u>150,738.27</u> |
| | | <u><u>4,513,290.89</u></u> |

INVESTMENT PORTFOLIO
May 31, 2017

| TYPE OF SECURITY | CUSIP # | SETTLE DATE | ORIGINAL | MARKET | MATURITY DATE | INT RATE | RATE/DAY | APPL. DAYS | INTEREST | PREPAID | INTEREST | INTEREST RECEIVED | ADJ. | INTEREST | PAR VALUE |
|--|-----------|-------------|----------------|-----------------|---------------|----------|----------|------------|--------------------|------------------------|------------------|-------------------|------|--------------------|-----------|
| | | | PURCHASE PRICE | VALUE 5/31/2017 | | | | | REC'VBLE 4/30/2017 | INT REC'VBLE 4/30/2017 | EARNED 5/31/2017 | | | REC'VBLE 5/31/2017 | |
| <u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u> | | | | | | | | | | | | | | | |
| <u>U.S. TREASURY NOTES AND BONDS</u> | | | | | | | | | | | | | | | |
| US TREASURY NOTE | 912828O78 | 01-05-17 | 3,136,500.00 | 3,170,124.80 | 04-30-21 | 1.375% | 122.2222 | 31 | 12,086.43 | 8,022.10 | 5,369.73 | 22,000.00 | | 3,478.26 | 3,200,000 |
| US TREASURY NOTE | 912828S18 | 03-23-15 | 119,845.31 | 119,929.68 | 04-30-19 | 1.250% | 4.1667 | 31 | 754.08 | | 126.35 | 750.00 | | 130.43 | 120,000 |
| US TREASURY NOTE | 912828F62 | 09-09-15 | 602,414.06 | 602,390.40 | 10-31-19 | 1.500% | 25.0000 | 31 | 4,524.59 | | 762.30 | 4,500.00 | | 786.89 | 600,000 |
| US TREASURY NOTE | 912828VF4 | 12-07-15 | 7,403,027.34 | 7,482,420.00 | 05-31-20 | 1.375% | 286.4583 | 31 | 43,063.19 | | 8,781.07 | 51,562.50 | | 281.76 | 7,500,000 |
| US TREASURY NOTE | 912828VP2 | 05-18-16 | 6,667,435.54 | 6,552,542.10 | 07-31-20 | 2.000% | 358.3333 | 31 | 32,071.82 | | 11,046.96 | | | 43,118.78 | 6,450,000 |
| US TREASURY NOTE | 912828L32 | 06-29-16 | 1,832,906.25 | 1,792,616.40 | 08-31-20 | 1.375% | 68.7500 | 31 | 4,215.66 | | 2,107.83 | | | 6,323.49 | 1,800,000 |
| US TREASURY NOTE | 912828R77 | 03-17-17 | 3,409,082.03 | 3,464,454.00 | 05-31-21 | 1.375% | 133.6806 | 31 | 20,096.15 | | 4,097.84 | 24,062.50 | | 131.49 | 3,500,000 |
| US TREASURY NOTE | 912828D72 | 04-05-17 | 1,813,921.88 | 1,823,625.00 | 08-31-21 | 2.000% | 100.0000 | 31 | 2,644.01 | 3,521.74 | 3,082.87 | | | 9,248.62 | 1,800,000 |
| | | | | | | | | | | | | | | | 16.04% |
| <u>FEDERAL AGENCY COLLATERIZED MORTGAGE OBLIGATIONS</u> | | | | | | | | | | | | | | | |
| FNMA | 3136ANJY4 | 04-30-15 | 1,037,301.19 | 1,026,366.86 | 04-01-18 | 1.550% | 44.22 | 31 | 1,354.08 | | 1,395.24 | 1,422.73 | | 1,326.59 | 1,027,035 |
| FNA 2014-M6 A2 | 3136AJ7G5 | 12-15-16 | 3,519,808.59 | 3,511,431.74 | 05-25-21 | 2.679% | 256.74 | 31 | 7,700.72 | | 7,700.72 | 7,700.72 | | 7,700.72 | 3,450,000 |
| FANNIE MAE | 3136AQDQO | 10-30-15 | 1,325,268.40 | 1,313,280.40 | 09-01-19 | 1.646% | 59.99 | 31 | 1,917.72 | | 2,570.56 | 2,688.48 | | 1,799.80 | 1,312,129 |
| | | | | | | | | | | | | | | | 3.72% |
| <u>FEDERAL AGENCY NOTES AND BONDS</u> | | | | | | | | | | | | | | | |
| FHLMC | 3137EABE1 | 07-20-16 | 4,638,747.00 | 4,602,258.45 | 07-19-19 | 0.875% | 113.02 | 31 | 11,528.13 | | 3,390.62 | | | 14,918.75 | 4,650,000 |
| FNMA | 3135GON33 | 08-02-16 | 4,192,944.00 | 4,154,799.60 | 08-02-19 | 0.875% | 102.08 | 31 | 9,085.42 | | 3,062.50 | | | 12,147.92 | 4,200,000 |
| FHLB | 3130A8QS5 | 07-15-16 | 3,180,540.80 | 3,127,552.00 | 07-14-21 | 1.125% | 100.00 | 31 | 15,715.63 | | 4,171.87 | 6,187.50 | | 13,700.00 | 3,200,000 |
| FHLMC | 3137EADN6 | 08-30-16 | 5,044,041.00 | 5,037,571.95 | 01-12-18 | 0.750% | 105.21 | 31 | 13,738.54 | | 3,760.42 | 2,875.00 | | 14,623.96 | 5,050,000 |
| FREDDIE MAC | 3137EADP1 | 08-08-16 | 1,376,773.75 | 1,371,859.50 | 03-07-18 | 0.875% | 33.42 | 31 | 6,431.25 | | 1,485.07 | 5,109.03 | | 2,807.29 | 1,375,000 |
| FHLB | 3130A9AE1 | 08-26/16 | 2,997,960.00 | 2,985,048.00 | 10-01-18 | 0.875% | 72.92 | 31 | 5,614.59 | | 4,209.72 | 5,449.30 | | 4,375.01 | 3,000,000 |
| FHLB | 313376BR5 | 08-11-16 | 765,165.00 | 755,162.25 | 12-14-18 | 1.750% | 36.46 | 31 | 4,994.79 | | 1,093.75 | | | 6,088.54 | 750,000 |
| FHLB | 3130A8Y72 | 08-04-16 | 1,547,024.00 | 1,531,587.55 | 08-05-19 | 0.875% | 37.67 | 31 | 3,239.93 | | 1,130.21 | | | 4,370.14 | 1,550,000 |
| FNMA | 3135GON82 | 08-19-16 | 822,177.68 | 809,703.68 | 08-17-21 | 1.250% | 28.65 | 31 | 0.00 | | | | | 0.00 | 825,000 |
| FNMA | 3135GON82 | 08-19-16 | 2,664,166.25 | 2,625,402.83 | 08-17-21 | 1.250% | 92.88 | 31 | 8,993.05 | | 3,645.83 | | | 12,638.88 | 2,675,000 |
| FNMA | 3135G0P49 | 09-02-16 | 3,993,760.00 | 3,966,080.00 | 08-28-19 | 1.000% | 111.11 | 31 | 6,777.78 | | 3,555.55 | | | 10,333.33 | 4,000,000 |
| FHLB | 3130A9EP2 | 09-09-16 | 4,695,911.00 | 4,657,521.40 | 09-26-19 | 1.000% | 130.56 | 31 | 4,569.44 | | 3,916.67 | | | 8,486.11 | 4,700,000 |
| FHLMC | 3137EAD7 | 09-16-16 | 2,294,013.15 | 2,283,665.00 | 10-12-18 | 0.875% | 55.78 | 31 | 1,059.84 | | 1,673.44 | | | 2,733.28 | 2,295,000 |
| FNMA | 3135G0T29 | 02-28-17 | 2,653,300.80 | 2,657,347.02 | 02-28-20 | 1.500% | 110.63 | 31 | 6,748.13 | | 3,539.99 | | | 10,288.12 | 2,655,000 |
| FHLB | 3130AAXX1 | 03-10-17 | 3,955,801.20 | 3,968,687.45 | 03-18-19 | 1.375% | 151.44 | 31 | 7,723.49 | | 4,543.23 | | | 12,266.72 | 3,965,000 |
| FHLMC | 3137EAEF2 | 04-20-17 | 2,690,766.00 | 2,688,746.40 | 04-20-20 | 1.375% | 103.13 | 31 | 1,134.38 | | 3,093.75 | | | 4,228.13 | 2,700,000 |
| | | | | | | | | | | | | | | | 30.57% |
| <u>CORPORATE NOTES</u> | | | | | | | | | | | | | | | |
| TOYOTA MOTOR | 89236TDHS | 10-18-16 | 1,149,425.00 | 1,143,846.35 | 10-18-19 | 1.550% | 49.51 | 31 | 643.68 | | 1,485.42 | | | 2,129.10 | 1,150,000 |
| TOYOTA MOTOR CREDIT | 89236TDM4 | -01-09-17 | 1,999,300.00 | 2,003,708.00 | 01-09-19 | 1.700% | 94.44 | 31 | 10,577.78 | | 2,833.33 | | | 13,411.11 | 2,000,000 |
| AMERICAN EXPRESS | 0258MDEC9 | 10-31-16 | 2,799,321.80 | 2,785,305.60 | 10-30-19 | 1.700% | 132.22 | 31 | 23,932.22 | | 3,966.67 | 23,800.00 | | 4,098.89 | 2,800,000 |
| MORGAN STANLEY | 6174467P8 | 11-10-16 | 3,516,187.50 | 3,449,124.00 | 07-24-20 | 5.500% | 481.25 | 31 | 46,681.25 | | 14,437.50 | | | 61,118.75 | 3,150,000 |
| Pfizer Inc | 717081EB5 | 11-21-16 | 2,078,502.40 | 2,083,866.72 | 12-15-19 | 1.700% | 98.22 | 31 | 15,715.56 | | 2,946.66 | | | 18,662.22 | 2,080,000 |
| JOHN DEERE | 24422ESR1 | 11-22-16 | 2,325,764.75 | 2,317,338.15 | 12-15-17 | 1.550% | 99.67 | 31 | 13,555.61 | | 2,990.21 | | | 16,545.82 | 2,315,000 |
| JOHN DEERE CAPITAL CC | 24422ETM1 | 01-06-17 | 1,199,220.00 | 1,201,803.60 | 10-15-18 | 1.650% | 55.00 | 31 | 880.00 | | 1,650.00 | | | 2,530.00 | 1,200,000 |
| JOHN DEERE CAPITAL CC | 24422ETL3 | 03-15-17 | 681,979.15 | 698,815.08 | 01-06-22 | 2.650% | 50.42 | 31 | 5,798.72 | | 1,512.70 | | | 7,311.42 | 685,000 |
| GOLDMAN SACHS | 38141GGO1 | 11-28-16 | 3,035,092.50 | 3,035,249.25 | 07-27-21 | 5.250% | 401.04 | 31 | 37,697.92 | | 12,031.25 | | | 49,729.17 | 2,750,000 |
| AMERICAN HONDA | 02665WAH4 | 12-20-16 | 3,165,655.50 | 3,178,469.70 | 08-15-19 | 4.250% | 371.88 | 31 | 14,962.50 | | 5,906.25 | | | 20,868.75 | 3,150,000 |
| CITIGROUP INC | 172967LF6 | 01-10-17 | 1,574,370.00 | 1,586,418.75 | 01-10-20 | 2.450% | 107.19 | 31 | 11,897.81 | | 3,215.63 | | | 15,113.44 | 1,575,000 |
| MICROSOFT CORP | 594918BV5 | 02-06-17 | 1,518,981.60 | 1,527,466.24 | 02-06-20 | 1.850% | 78.11 | 31 | 6,639.44 | | 2,343.34 | | | 8,982.78 | 1,520,000 |

INVESTMENT PORTFOLIO
May 31, 2017

| TYPE OF SECURITY | CUSIP # | SETTLE DATE | ORIGINAL | MARKET | MATURITY DATE | INT RATE | RATE/DAY | APPL. DAYS | INTEREST | PREPAID | INTEREST | INTEREST RECEIVED | ADJ. | INTEREST | PAR VALUE |
|---|-----------|-------------|-----------------------|-----------------------|---------------|----------|----------|------------|--------------------|------------------------|-------------------|-------------------|-------------|--------------------|-----------------------|
| | | | PURCHASE PRICE | VALUE 5/31/2017 | | | | | REC'VBLE 4/30/2017 | INT REC'VBLE 4/30/2017 | EARNED 5/31/2017 | | | REC'VBLE 5/31/2017 | |
| <u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u> | | | | | | | | | | | | | | | |
| BERKSHIRE HATHAWAY | 084670BL1 | 12-23-16 | 3,167,829.00 | 3,178,438.20 | 08-14-19 | 2.100% | 183.75 | 31 | 14,148.75 | | 5,512.50 | | | 19,661.25 | 3,150,000 |
| WALT DISNEY | 25468PDP8 | 03-06-17 | 659,828.40 | 663,665.64 | 03-04-20 | 1.950% | 35.75 | 31 | 1,966.25 | | 1,072.50 | | | 3,038.75 | 660,000 |
| APPLE INC BONDS | 037833CS7 | 05-11-17 | 1,323,648.50 | 1,326,356.80 | 05-11-20 | 1.800% | 66.25 | 31 | | | 1,325.00 | | | 1,325.00 | 1,325,000 |
| JP MORGAN CHASE & C | 46625HJD3 | 05-26-17 | 1,622,730.00 | 1,623,946.50 | 01-24-22 | 4.500% | 187.50 | 31 | | | 937.50 | (22,875.00) | | 23,812.50 | 1,500,000 |
| | | | | | | | | | | | | | | | 19.92% |
| <u>COMMERCIAL PAPERS</u> | | | | | | | | | | | | | | | |
| BNP PARIBAS NY BRANCH | 09659BUH1 | 10-20-16 | 3,960,400.00 | 3,995,092.00 | 07-17-17 | 0.000% | 0.00 | 31 | 0.00 | | | | | 0.00 | 4,000,000 |
| CANADIAN IMPERIAL HLC | 13607EXD6 | 01-19-2017 | 3,068,156.54 | 3,087,097.80 | 10-13-17 | 0.000% | 0.00 | 31 | 0.00 | | | | | 0.00 | 3,100,000 |
| BANK OF TOKYO MITSUBI | 06538BXP3 | 04-21-17 | 2,979,033.33 | 2,984,532.00 | 0-23-17 | 0.000% | 0.00 | 31 | 0.00 | | | | | 0.00 | 3,000,000 |
| CREDIT AGRICOLE CIB N° | 22533TYL4 | 05-23-17 | 2,980,240.83 | 2,981,346.00 | 11-20-17 | 0.000% | 0.00 | 31 | | | | | | 0.00 | 3,000,000 |
| ING (US) FUNDING LLC | 4497WOWM6 | 5-23-17 | 2,987,698.33 | 2,988,624.00 | 09-21-17 | 0.000% | 0.00 | 31 | | | | | | 0.00 | 3,000,000 |
| | | | | | | | | | | | | | | | 10.34% |
| <u>CERTIFICATE OF DEPOSIT</u> | | | | | | | | | | | | | | | |
| CANADIAN IMPERIAL BAI | 13606ASZ7 | 12-05-16 | 3,097,582.00 | 3,117,688.60 | 11-30-18 | 1.760% | 151.56 | 31 | 22,278.67 | | 2,605.30 | | | 24,883.97 | 3,100,000 |
| SVENSKA HANDELSBANKE | 86958JHB8 | 01-12-17 | 3,100,000.00 | 3,095,033.80 | 01-10-19 | 1.890% | 162.75 | 31 | 17,739.75 | | 5,045.25 | | | 22,785.00 | 3,100,000 |
| NORDEA BANK FINLAND I | 65558LWA6 | 12-05-16 | 3,100,000.00 | 3,117,688.60 | 11-30-18 | 1.760% | 151.56 | 31 | 22,127.11 | | 4,698.23 | 26,673.78 | | 151.56 | 3,100,000 |
| BANK OF NOVA SCOTIA F | 06417GUE6 | 04-06-17 | 3,100,000.00 | 3,102,061.50 | 04-05-19 | 1.910% | 164.47 | 31 | 4,111.81 | | 5,098.63 | | | 9,210.44 | 3,100,000 |
| SUMITOMO MITSUI BANK | 86563YVNO | 05-04-17 | 3,100,000.00 | 3,103,751.00 | 05-03-19 | 2.050% | 176.53 | 31 | | | 4,766.25 | | | 4,766.25 | 3,100,000 |
| | | | | | | | | | | | | | | | 9.96% |
| <u>ASSET-BACKED SECURITY/COLLATERIZED MORTGAGE OBLIGATIONS</u> | | | | | | | | | | | | | | | |
| CCCI 2017-A2 A2 | 17305EGA7 | 01-26-17 | 2,649,492.53 | 2,659,342.31 | 01-17-21 | 1.740% | 128.08 | 31 | 12,167.92 | | 3,842.50 | | | 16,010.42 | 2,650,000 |
| ALLYA 2017-1 A3 | 02007PAC7 | 01-31-17 | 704,938.38 | 705,311.82 | 06-15-21 | 1.700% | 33.29 | 31 | 532.68 | | 998.75 | 998.75 | | 532.68 | 705,000 |
| FORDO 2017-A A3 | 34531EAD8 | 01-25-17 | 2,199,991.86 | 2,202,346.74 | 06-25-21 | 1.670% | 102.06 | 31 | 1,632.89 | | 3,061.67 | 3,061.67 | | 1,632.89 | 2,200,000 |
| TAOT 2017-A A3 | 89238MAD0 | 03-07-17 | 779,908.19 | 781,863.03 | 02-15-21 | 1.730% | 37.48 | 31 | 599.73 | | 1,124.50 | 1,124.50 | | 599.73 | 780,000 |
| ALLYA 2017-2 A3 | 02007HAC5 | 03-29-17 | 2,484,707.02 | 2,489,901.91 | 08-15-21 | 1.780% | 122.87 | 31 | 1,965.91 | | 3,686.08 | 3,686.08 | | 1,965.91 | 2,485,000 |
| TAOT 2017-B A3 | 89190BAD0 | 05-17-17 | 3,099,762.23 | 3,109,646.27 | 07-15-21 | 1.760% | 151.56 | 31 | | | 2,121.78 | | | 2,121.78 | 3,100,000 |
| CCCI 2017-A3 A3 | 17305EGB5 | 05-22-17 | 1,604,272.00 | 1,606,104.48 | 04-07-22 | 1.920% | 85.33 | 31 | | | 768.00 | (3,498.67) | | 4,266.67 | 1,600,000 |
| AMXCA 2017-4 A | 02582JHG8 | 05-30-17 | 1,199,807.76 | 1,200,653.78 | 12-15-21 | 1.640% | 54.67 | 31 | | | 55.00 | | | 55.00 | 1,200,000 |
| | | | | | | | | | | | | | | | 9.46% |
| CASH AND CASH EQUIVA | | | | | | | | | 126.90 | | 579.15 | 126.90 | | 579.15 | |
| <u>MATURITIES/PAYDOWNS/CALLS</u> | | | | | | | | | | | | | | | |
| CREDIT AGRICOLE CIB N° | 22533TSF4 | 11-16-16 | 2,983,200.00 | | 05-15-17 | 0.000% | 0.00 | 31 | 0.00 | | 16,800.00 | 16,800.00 | | 0.00 | 3,000,000 |
| JP MORGAN SECURITIES | 46640PSH7 | 10-19-16 | 3,976,200.00 | | 05-17-17 | 0.000% | 0.00 | 31 | 0.00 | | 23,800.00 | 23,800.00 | | 0.00 | 4,000,000 |
| TOTAL | | | 156,394,429.32 | 156,214,078.68 | | | | | 526,163.70 | 11,543.84 | 236,531.64 | 208,005.77 | 0.00 | 566,233.41 | 155,679,163.42 |

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 1/2 CENT SALES TAX RECEIPTS AND PROJECTIONS
 FY2017
 MAY 2017

7/10/17 11:13 AM

| Approved Budget | | | Receipts | | Over/(Under) | Current |
|---------------------|--------------------------|-------------------|--|-------------------|--------------------|-------------------|
| Date | Amount | Revised | Date | Amount | Budget/Projection | Projection |
| FY2016: | | | | | | |
| 1st Quarter | 17,607,333 | 17,607,333 | 1st Quarter | 19,521,000 | 1,913,667 | 19,521,000 |
| 2nd Quarter | 18,895,801 | 18,895,801 | 2nd Quarter | 20,786,155 | 1,890,354 | 20,786,155 |
| 3rd Quarter | 19,166,840 | 22,166,840 | 3rd Quarter | 18,180,736 | (3,986,104) | 18,180,736 |
| 4th Quarter | 21,330,026 | 21,330,026 | 4th Quarter | 21,216,060 | (113,966) | 21,216,060 |
| FY2016 Total | 77,000,000 | 80,000,000 | FY2016 Total | 79,703,951 | (296,049) | 79,703,951 |
| FY2017: | | | | | | |
| Jul. 16 | 5,919,931 | 5,919,931 | Sep. 16 | 5,557,900 | (362,031) | 5,919,931 |
| Aug. 16 | 5,919,931 | 5,919,931 | Oct. 16 | 5,557,900 | (362,031) | 5,919,931 |
| Sep. 16 | 7,498,579 | 7,498,579 | Nov. 16 | 7,410,500 | (88,079) | 7,498,579 |
| 3 Months Total | 19,338,441 | 19,338,441 | | 18,526,300 | (812,141) | 19,338,441 |
| Oct. 16 | 6,455,545 | 6,455,545 | Dec. 16 | 8,373,278 | 1,917,733 | 6,455,545 |
| Nov. 16 | 6,455,545 | 6,455,545 | Jan. 17 | 5,971,700 | (483,845) | 6,455,545 |
| Dec. 16 | 7,842,500 | 7,842,500 | Feb. 17 | 7,962,200 | 119,700 | 7,842,500 |
| 6 Months Total | 40,092,031 | 40,092,031 | | 40,833,478 | 741,447 | 40,092,031 |
| Jan. 17 | 6,089,072 | 6,089,072 | Mar. 17 | 7,519,362 | 1,430,290 | 6,089,072 |
| Feb. 17 | 6,677,683 | 6,677,683 | Apr. 17 | 4,995,400 | (1,682,283) | 6,677,683 |
| Mar. 17 | 8,284,521 | 8,284,521 | May 17 | 6,660,600 | (1,623,921) | 8,284,521 |
| 9 Months Total | 61,143,307 | 61,143,307 | | 60,008,840 | (1,134,467) | 61,143,307 |
| Apr. 17 | 7,054,822 | 7,054,822 | Jun. 17 | | | 7,054,822 |
| May 17 | 7,170,544 | 7,170,544 | Jul. 17 | | | 7,170,544 |
| Jun. 17 | 7,631,327 | 7,631,327 | Aug. 17 | | | 7,631,327 |
| FY2017 Total | 83,000,000 | 83,000,000 | FY2017 Total | 60,008,840 | (1,134,467) | 83,000,000 |
| | 18,976,410 | | 1st Quarter | | | |
| | 22,221,213 | | 2nd Quarter | | | |
| | 22,117,421 | | 3rd Quarter | | | |
| | 10,919,162 | | 4th Quarter | | | |
| | <u>74,234,206</u> | | YTD Actual Per Statement of Revenue & Expenses | | | |

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CASH AND INVESTMENTS AS OF MAY 31, 2017

| | <u>5/31/2017</u> |
|--|------------------------------|
| Cash -- Bank of America Checking Account | 2,954,283.22 |
| Cash -- Wells Fargo Lockbox Account | 0.00 |
| Cash - US Bank (on deposit) | 902,222.42 |
| LAIF | 982,101.22 |
| County Pool | 322,730,182.40 |
| Investment Portfolio | 156,214,078.68 |
| | <hr/> |
| Total | <u><u>483,782,867.94</u></u> |

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CHECKS WRITTEN
MAY 2017**

| Unit | Ref | Name | Amount | Method | Description |
|-------|--------|-----------------------------------|--------------|--------|------------------------------|
| SMCTA | 000085 | HORSLEY, DONALD | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000086 | JOHNSON, CAMERON | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000087 | MATSUMOTO, KARYL M. | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000088 | HORSLEY, DONALD | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000089 | IBARRA, KENNETH | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000090 | JOHNSON, CAMERON | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000091 | MATSUMOTO, KARYL M. | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000092 | GROOM, CAROLE | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000093 | FRESCHET, MAUREEN ANN | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000094 | BEACH, EMILY RANDOLPH | 100.00 | ACH | Board Member Compensation |
| SMCTA | 004434 | ATKINS NORTH AMERICA, INC | 151,181.92 | CHK | Consultants |
| SMCTA | 004435 | CDM SMITH, INC. | 46,630.89 | CHK | Consultants |
| SMCTA | 004436 | HANSON BRIDGETT LLP | 7,021.00 | CHK | Legal Services |
| SMCTA | 004437 | HURLEY, JOSEPH | 83.86 | CHK | Business meetings |
| SMCTA | 004438 | MENLO PARK, CITY OF | 236,207.29 | CHK | Capital Programs (1) |
| SMCTA | 004439 | SAN MATEO, COUNTY OF | 5,969.00 | CHK | Capital Programs (2) |
| SMCTA | 004440 | HANSON BRIDGETT LLP | 9,897.00 | CHK | Legal Services |
| SMCTA | 004441 | HOLLAND & KNIGHT LLP | 3,500.00 | CHK | Legislative Advocate |
| SMCTA | 004442 | DMJM HARRIS/MARK THOMAS JV | 60,506.85 | CHK | Consultants |
| SMCTA | 004443 | HANSON BRIDGETT LLP | 114.00 | CHK | Legal Services |
| SMCTA | 004444 | KHOURI CONSULTING | 3,859.00 | CHK | Legislative Advocate |
| SMCTA | 004445 | OFFICEMAX | 84.35 | CHK | Office supplies |
| SMCTA | 004446 | PUBLIC FINANCIAL MANAGEMENT, INC. | 9,250.00 | CHK | Investment Advisory Services |
| SMCTA | 004447 | URS CORPORATION | 751,692.83 | CHK | Consultants |
| SMCTA | 004448 | CARDONA, GARY A. | 38.47 | CHK | Business meetings |
| SMCTA | 004449 | PUBLIC FINANCIAL MANAGEMENT, INC. | 9,250.00 | CHK | Investment Advisory Services |
| SMCTA | 004450 | URS CORPORATION | 63,806.00 | CHK | Consultants |
| | | | 1,360,092.46 | | |

(1) Sand Hill Rd Signal Coord

(2) 2015 Call for Project-Ped & Bike

**AGENDA ITEM # 5 (c)
AUGUST 3, 2017**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: San Mateo County Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **INFORMATION ON STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD
ENDING JUNE 30, 2017**

The Finance Division engages in many activities following the end of the June 30 fiscal year both to close out the old fiscal year and set up the new fiscal year. The demands of these activities require a longer time to produce a complete Statement of Revenues and Expenses than allowed by the normal board meeting cycle. The auditors, Vavrinek, Trine, Day & Co., expect to finish the audit in late October. Consequently, staff will present a Statement of Revenues and Expenses for June at the November 2 meeting of the Board of Directors. We expect to have the Comprehensive Annual Financial Report finalized by December 2017.

Prepared by: Sheila Tioyao, Manager, General Ledger

650.508.7752

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR (FY) 2018**

ACTION

Staff proposes the Board approve the appropriations limit, which is applicable to the San Mateo County Transportation Authority (TA) during Fiscal Year (FY) 2018 in the amount of \$684,431,558.

SIGNIFICANCE

The appropriations limit is the maximum amount of tax proceeds the local agency can appropriate during the fiscal year. Article XIII B of the California Constitution (the Gann Limit Initiative) and implementing legislation require each local agency to review its appropriations limitation on an annual basis.

BUDGET IMPACT

There is no budget impact.

BACKGROUND

Last year, the TA established its appropriations limit in the amount of \$656,398,964 based on data regarding inflation and population changes released by the California Department of Finance. Staff has calculated the limit for FY2018 to be \$684,431,558, which is an increase of \$28,032,594 or 4.27 percent. The increase is due to a 3.69 percent increase in the California per capita personal income and a 0.56 percent increase in the population of San Mateo County. The TA funds subject to the limit are \$84.7 million (the projected Measure A tax receipts for the year) or 12.90 percent of the appropriations limit.

Attachment A is a Notice of Determination showing the calculations and stating the limit applicable during FY2018. State law requires this notice be posted in a conspicuous place at the TA's office at least 15 days before the TA takes final action to approve the new limit at its August 3, 2017 meeting. This notice was posted on July 19, 2017, at 1250 San Carlos Avenue, San Carlos, CA 94070.

Prepared By: Jeannie Chen, Manager, Budgets
Tina Medeiros, Senior Budget Analyst

650-508-6259
650-508-6302

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

**NOTICE OF DETERMINATION
OF APPROPRIATIONS LIMIT
FOR FISCAL YEAR 2018**

State law (Section 7910 of the Government Code) requires each local government agency to determine during each fiscal year, the appropriations limit pursuant to Article XIII B of the California Constitution applicable during the following fiscal year. The limit must be adopted at a regularly scheduled meeting or a noticed special meeting and the documentation used in determining the limit must be made available for public review fifteen days prior to such meeting.

Set out below is the methodology proposed to calculate the Fiscal Year 2018 appropriations limit for the San Mateo County Transportation Authority. The limit as set forth below will be considered and adopted at the meeting of the Board of Directors on August 3, 2017.

| | |
|---|---------------|
| Appropriations limit for FY 2017 | \$656,398,964 |
| Population change: (January 1, 2016 to January 1, 2017) | 0.56% |
| Change in California per capita personal income (January 1, 2016 to January 1, 2017) | 3.69% |
| FY 2018 Adjustment Factor: (1.0369 x 1.0056) | 1.04271 |
| FY 2018 Appropriations Limit: (\$656,398,964 x 1.04271) | \$684,431,558 |

Dated: July 19, 2017

RESOLUTION NO. 2017 –

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA**

*** * ***

**ESTABLISHING THE APPROPRIATIONS LIMIT APPLICABLE TO THE
SAN MATEO COUNTY TRANSPORTATION AUTHORITY DURING
FISCAL YEAR 2018**

WHEREAS, by Resolution No. 2016-08 enacted on June 2, 2016, the San Mateo County Transportation Authority (TA) established an appropriations limit applicable to the TA during the Fiscal Year (FY) 2017 in the amount of \$656,398,964; and

WHEREAS, Article XIII B of the California Constitution (the Gann Limit Initiative) and implementing legislation require that each local agency subject thereto establish the applicable appropriations limit by resolution on an annual basis and permit annual adjustments in the limit by applying to the previous year's appropriations limit the factors, as issued by the California Department of Finance, reflecting changes in population and per capita income; and

WHEREAS, the calculations showing the applications of those factors have been forwarded to members of the TA for review and have been made available for public inspection at least fifteen (15) days prior to the date hereof; and

WHEREAS, the applicable factors are as follows:

- (1) The California per capita personal income increased by 3.69 percent; and
- (2) The San Mateo County population from January 2016 to January 2017 increased by 0.56 percent.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Mateo County Transportation Authority that the appropriations limit for FY2018 is hereby established as \$684,431,558.

Regularly passed and adopted this 3rd day of August, 2017 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

AGENDA ITEM # 8
AUGUST 3, 2017

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

TO: Transportation Authority

FROM: Karyl Matsumoto
SamTrans Board Liaison to the Transportation Authority

SUBJECT: **SAMTRANS LIAISON REPORT**

The summary report for the July 5 and August 2 SamTrans meetings will be made available at the Board meeting.

Prepared by: Nancy McKenna

650-508-6279

**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: **PROGRAM REPORT: ALTERNATIVE CONGESTION RELIEF**

ACTION

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

SIGNIFICANCE

This presentation is part of a series of program reports presented to the Board. Each of the Transportation Authority's (TA) six program areas – Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian & Bicycle, and Alternative Congestion Relief Programs – will be featured individually throughout the year. This item features a report highlighting the Alternative Congestion Relief Program.

BUDGET IMPACT

There is no impact on the budget.

BACKGROUND

The TA has and continues to allocate Measure A funding to the Peninsula Traffic Congestion Relief Alliance (Commute.org) to support its operations. With this funding, Commute.org implements a Countywide Transportation Demand Management Plan to reduce traffic congestion in San Mateo County. Commute.org's work plan includes: employer and community outreach, shuttle marketing and management, van and carpool incentive programs to name a few.

This month's presentation will be presented via PowerPoint.

**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: **ALLOCATE \$458,500 IN NEW MEASURE A ALTERNATIVE CONGESTION RELIEF FUNDS TO THE PENINSULA TRAFFIC CONGESTION RELIEF ALLIANCE TO SUPPORT THE COUNTYWIDE CONGESTION RELIEF PROGRAM FOR FISCAL YEAR 2018**

ACTION

Staff proposes the Board:

1. Allocate \$458,500 in New Measure A Alternative Congestion Relief (ACR) Program funds to the Peninsula Traffic Congestion Relief Alliance (Commute.org) for the Countywide Congestion Relief Program.
2. Authorize the Executive Director or his designee to execute the funding agreement and take any other actions necessary to encumber the subject funding.

SIGNIFICANCE

Pursuant to the 2004 Transportation Expenditure Plan, 1 percent of the New Measure A sales tax funds is set aside annually for the ACR Program. Commute.org has historically received funding to help fund its commute alternative programs from the Original Measure A Program as well as the New Measure A ACR Program. The proposed action will enable Commute.org to continue to receive Measure A funds through Fiscal Year (FY) 2018.

BUDGET

The proposed allocation is consistent with the amount approved in the FY2018 budget. No additional funding is needed.

BACKGROUND

Commute.org is a joint powers authority with 18 member-agencies, including the county of San Mateo and 17 cities in the county, and serves as San Mateo County's Transportation Demand Management Agency. Commute.org's FY2018 Work Program consists of, but is not limited to: (1) employer outreach and support services that include a guaranteed emergency ride home program, bicycle parking incentives and

bicycle safety workshops; (2) an employer-based shuttle program; (3) commuter outreach and incentive programs that include direct marketing, vanpool/carpool/school pool/transit incentive programs and Bike to Work Day; and (4) the development of public/private partnerships in support of reducing traffic congestion in San Mateo County, including community based mobility services. The New Measure A ACR funds are not used for the operation of shuttles.

Prepared By: Joel Slavit, Manager, Programming and Monitoring

650-508-6476

RESOLUTION NO. 2017 –

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

* * *

**ALLOCATING \$458,500 IN NEW MEASURE A ALTERNATIVE CONGESTION RELIEF FUNDS TO
THE PENINSULA TRAFFIC CONGESTION RELIEF ALLIANCE
FOR FISCAL YEAR (FY) 2018**

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 (2004 TEP) beginning January 1, 2009; and

WHEREAS, the 2004 TEP designates 1 percent of the New Measure A revenues to fund the Alternative Congestion Relief (ACR) Program; and

WHEREAS, the Peninsula Traffic Congestion Relief Alliance (Commute.Org) has requested \$458,500 in Measure A ACR funds for the support of its FY2017-2018 Work Plan, which consists of, but is not limited to: (1) employer outreach and support services that include a guaranteed emergency ride home program, bicycle parking incentives and bicycle safety workshops; (2) an employer based shuttle program; (3) commuter outreach and incentive programs that include direct marketing, vanpool/carpool/school pool/transit incentive programs and Bike to Work Day; and (4) the development of public/private partnerships in support of reducing traffic congestion in San Mateo County, including community based mobility services; and

WHEREAS, staff has determined that these projects meet the intent of the 2004 TEP and TA Strategic Plan 2014-2019.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority allocates New Measure A ACR funds in the amount of \$458,500 to Commute.org for the support of its FY2017-2018 programs; and

BE IT FURTHER RESOLVED that the Executive Director or his designee is authorized to execute any necessary documents or agreements and to take any other actions necessary to give effect to this resolution.

Regularly passed and adopted this 3rd day of August, 2017 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

**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 June 30, 2017.

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 July 27, 2017 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, 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 8, 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

SUMMARY

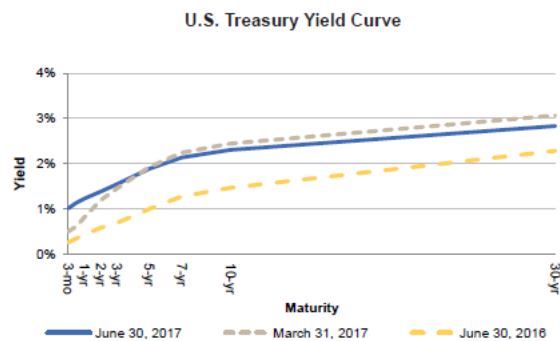
- Despite mixed economic data, and political and policy difficulties in the U.S., market conditions were characterized by investor optimism amid very low volatility. Bond yields were relatively well behaved during the quarter, credit spreads narrowed further, and equity markets moved higher still.
- For the second time this year, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25 percent, setting a new target range of 1.00 percent to 1.25 percent for the overnight benchmark rate. The FOMC's latest economic forecasts and "dot plot" were largely unchanged. The Federal Reserve (the Fed) is still forecasting one more rate hike this year, although market-implied probabilities show only about a 50 percent chance of a hike in the second half of the year.
- Perhaps just as important, the Fed announced plans to gradually reduce the size of its balance sheet by decreasing its reinvestment of principal payments on existing holdings. The reduction will be \$10 billion per month initially, and will increase in steps of \$10 billion per month at three-month intervals, until it reaches \$50 billion per month.
- U.S. equity markets had another strong quarter. In the past three months, all three major U.S. indices hit new all-time highs. The S&P 500 Index (S&P 500) returned 3.1 percent and is up 9.3 percent for the first half of the year.

ECONOMIC SNAPSHOT

- U.S. economic data released in June was below expectations. While business investment accelerated, it was partly offset by weak consumer spending and a slowdown in government spending and inventories. On the positive side, the labor market remained strong, consumer confidence remained high, business surveys were optimistic and the housing market returned to near pre-crisis levels. Second quarter gross domestic product (GDP) growth is expected to show a rebound from the weak 1.4 percent growth rate of the first quarter.
- The labor market remained strong in the second quarter as the U.S. economy added 581,000 net new jobs, the most since the third quarter of 2016. The unemployment rate declined to a 16-year low, ending the quarter at 4.4 percent, but the labor force participation rate remained suppressed. At the same time, wage growth remained tepid, as average hourly earnings rose only 2.5 percent year over-year (YoY) in June. The lack of wage pressures – a key driver of inflation – seems to indicate further slack remains in the labor market, despite strong job gains.

INTEREST RATES

- Short-term (three years and under) yields ended the second quarter higher, reflecting the Fed's June rate hike, while medium- to long-term yields declined amid subdued inflation expectations and fading prospects for near-term stimulus from tax reform or infrastructure spending.
- The two-year Treasury note yield ended the quarter 13 basis points (bps) (0.13 percent) higher at 1.38 percent, while the 10-year Treasury yield fell 8 bps (0.08 percent) to 2.30 percent. The result was a notably flatter yield curve, which reduced the incentive to invest in longer maturities.
- In the money market space, shorter-term Treasury yields continued to rise, reflecting the Fed's June rate hike, but beyond 6 month maturities, yields flattened out. Yield spreads on commercial paper (CP) and certificates of deposit (CD) relative to U.S. Treasuries continued to narrow from their exceptionally wide levels of late 2016 and early 2017. CP/CD spreads now offer only modest incremental yield, similar to long-standing averages, and are considered fair value.



U.S. Treasury Yields

| Maturity | Jun '17 | Mar '17 | Change over Quarter | Jun '16 | Change over Year |
|----------|---------|---------|---------------------|---------|------------------|
| 3-month | 1.01% | 0.75% | 0.26% | 0.26% | 0.75% |
| 1-year | 1.23% | 1.02% | 0.21% | 0.44% | 0.79% |
| 2-year | 1.38% | 1.26% | 0.12% | 0.58% | 0.80% |
| 5-year | 1.89% | 1.92% | (0.03%) | 1.00% | 0.89% |
| 10-year | 2.31% | 2.39% | (0.08%) | 1.47% | 0.84% |
| 30-year | 2.84% | 3.01% | (0.17%) | 2.29% | 0.55% |

PORTFOLIO RECAP

- The yield curve flattened as short-term yields moved higher after pricing in the Fed's June rate hike. Yields on longer-term maturities fell amid muted inflation and fading prospects for stimulative fiscal policy.
- Our strategy is to maintain the portfolio duration close to the benchmark duration, unless we have a strong conviction that rates are not appropriately reflecting market risks and expectations. At quarter end, we aligned the portfolio duration with the benchmark duration since market conditions were consistent with moderate growth and the Fed is on track to gradually raise rates.
- Federal agency yield spreads narrowed further, ending the quarter at historically tight levels. Our strategy remained opportunistic as we sought to swap out of expensive agency holdings and into U.S. Treasuries at similar yields and purchase new issues offering acceptable yield concessions, mostly in the 2-3 year maturity range.
- We increased corporate allocations as the sector continued to provide incremental income and "roll-down". The sector outperformed comparable maturity Treasuries for its seventh straight quarter amid increasing investor demand and decreasing supply.
- We participated in new AAA-rated asset-backed security (ABS) issues as the ABS sector posted its second straight quarter of outperformance over Treasuries. ABS provide enhanced diversification and incremental yield.
- We maintained existing holdings of mortgage-backed securities (MBS) and emphasized structures with limited exposure to interest rate and prepayment risk. Shorter duration structures produced modest outperformance during the quarter while longer structures underperformed amid strong Treasury performance.
- In the money market space, short-term Treasury yields rose to reflect the Fed's 0.25 percent June rate hike. The yield spread offered by commercial paper (CP) and negotiable certificates of deposit (CDs) tightened as the effects of money market reform and conviction of further near-term Fed rate hikes faded.

Outlook and Strategy

- Our outlook for the third quarter is for continued modest growth in the U.S. But the future path of Fed tightening is less certain as recent economic data has been disappointing, fiscal policy initiatives have stalled, and inflation remains below the Fed's 2 percent target.
- With rates priced for the current level of uncertainty, we are once again positioning the portfolio duration to match the benchmark duration. We will continue to assess the duration position during the quarter as we gain more clarity surrounding Fed policy and the trajectory of the U.S. and global economy.

- Agency yield spreads over Treasuries continue to remain historically narrow. As a result, our strategy will generally favor Treasuries over agencies unless specific issues offer identifiable value. Supranational issues may also offer opportunities in this space.
- Corporate yield spreads are near the tightest levels since the post-recession period of 2014. Although we remain positive on the fundamental strength of the sector, we plan to be more selective with regard to our choice of industry, issuer and maturity, while maintaining broad issuer diversification. Given the flatness of the yield curve, we may favor shorter maturities.
- We will continue to evaluate opportunities in the MBS and ABS sectors, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited extension and headline risk from Fed balance sheet tapering.
- Given low short-term Treasury and agency yields, CP and CDs still offer incremental yield, but supply is somewhat constrained.
- We will continue to monitor incoming economic data, Fed policy, and sector relationships to identify market opportunities. This will include assessing the impact of additional policies put forth by the Trump administration.

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 June 30, the total return of the portfolio was 0.49 percent. This compares to the benchmark return of 0.34 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 1.55 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 June 30, the portfolio's market yield to maturity was 1.63 percent.

Prepared by: Connie Mobley-Ritter, Director - Treasury

650-508-7765

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 JUNE 30, 2017**

| TYPE OF SECURITY | CUSIP # | MATURITY DATE | PAR VALUE | ORIGINAL | | INTEREST REC'VBLE | MARKET VALUE + ACCR INT. |
|--|-----------|------------------|--------------|-------------------|-----------------|----------------------|--------------------------------|
| | | | | PURCHASE PRICE | MARKET VALUE | | |
| <u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u> | | | | | | | |
| <u>U.S. TREASURY NOTES AND BONDS</u> | | | | | | | |
| US TREASURY NOTE | 912828O78 | 04-30-21 | 3,200,000 | 3,136,500 | 3,159,126 | 7,413 | 3,166,539 |
| US TREASURY NOTE | 912828ST8 | 04-30-19 | 120,000 | 119,845 | 119,705 | 253 | 119,957 |
| US TREASURY NOTE | 912828F62 | 10-31-19 | 600,000 | 602,414 | 600,797 | 1,525 | 602,321 |
| US TREASURY NOTE | 912828VF4 | 05-31-20 | 7,500,000 | 7,403,027 | 7,463,963 | 8,735 | 7,472,697 |
| US TREASURY NOTE | 912828VP2 | 07-31-20 | 6,450,000 | 6,667,436 | 6,529,870 | 53,809 | 6,583,680 |
| US TREASURY NOTE | 912828L32 | 08-31-20 | 1,800,000 | 1,832,906 | 1,787,344 | 8,363 | 1,795,708 |
| US TREASURY NOTE | 912828R77 | 05-31-21 | 3,500,000 | 3,409,082 | 3,451,466 | 4,076 | 3,455,542 |
| US TREASURY NOTE | 912828D72 | 08-31-21 | 1,800,000 | 1,813,922 | 1,815,820 | 13,088 | 1,828,908 |
| US TREASURY NOTE | 912828D72 | 08-31-21 | 3,900,000 | 3,942,504 | 3,934,277 | 25,647 | 3,959,924 |
| | | | | 18.46% | | | |
| <u>FEDERAL AGENCY COLLATERIZED MORTGAGE OBLIGATIONS</u> | | | | | | | |
| FNMA | 3136ANJY4 | 04-01-18 | 990,282 | 1,000,181 | 989,223 | 1,279 | 990,502 |
| FNA 2014-M6 A2 | 3136AJ7G5 | 05-25-21 | 3,450,000 | 3,519,809 | 3,528,595 | 7,701 | 3,536,296 |
| FANNIE MAE | 3136AQDQO | 09-01-19 | 1,273,374 | 1,286,125 | 1,273,106 | 1,747 | 1,274,853 |
| | | | | 3.65% | | | |
| <u>FEDERAL AGENCY NOTES AND BONDS</u> | | | | | | | |
| FHLMC | 3137EAE1 | 07-19-19 | 4,650,000 | 4,638,747 | 4,594,586 | 18,309 | 4,612,895 |
| FNMA | 3135GON33 | 08-02-19 | 4,200,000 | 4,192,944 | 4,149,508 | 15,210 | 4,164,718 |
| FHLB | 3130A8QS5 | 07-14-21 | 3,200,000 | 3,180,541 | 3,117,997 | 16,700 | 3,134,697 |
| FHLMC | 3137EADN6 | 01-12-18 | 1,950,000 | 1,947,699 | 1,945,478 | 6,866 | 1,952,344 |
| FREDDIE MAC | 3137EADP1 | 03-07-18 | 1,375,000 | 1,376,774 | 1,371,440 | 3,810 | 1,375,250 |
| FHLB | 3130A9AE1 | 10-01-18 | 3,000,000 | 2,997,960 | 2,981,871 | 6,563 | 2,988,434 |
| FHLB | 313376BR5 | 12-14-18 | 750,000 | 765,165 | 754,041 | 620 | 754,661 |
| FHLB | 3130A8Y72 | 08-05-19 | 800,000 | 798,464 | 790,222 | 2,839 | 793,060 |
| FNMA | 3135GON82 | 08-17-21 | 825,000 | 822,178 | 806,473 | 0 | 806,473 |
| FNMA | 3135GON82 | 08-17-21 | 2,675,000 | 2,664,166 | 2,614,928 | 16,285 | 2,631,212 |
| FNMA | 3135G0P49 | 08-28-19 | 4,000,000 | 3,993,760 | 3,960,920 | 13,667 | 3,974,587 |
| FHLB | 3130A9EP2 | 09-26-19 | 4,700,000 | 4,695,911 | 4,652,258 | 12,403 | 4,664,660 |
| FHLMC | 3137EAE1 | 10-12-18 | 2,295,000 | 2,294,013 | 2,281,010 | 4,407 | 2,285,416 |
| FNMA | 3135G0T29 | 02-28-20 | 2,655,000 | 2,653,301 | 2,648,041 | 13,607 | 2,661,648 |
| FHLB | 3130AAXX1 | 03-18-19 | 3,965,000 | 3,955,801 | 3,963,263 | 16,810 | 3,980,073 |
| FHLMC | 3137EAEF2 | 04-20-20 | 2,700,000 | 2,690,766 | 2,684,030 | 7,322 | 2,691,351 |
| | | | | 27.97% | | | |
| <u>CORPORATE NOTES</u> | | | | | | | |
| TOYOTA MOTOR | 89236TDHS | 10-18-19 | 1,150,000 | 1,149,425 | 1,144,947 | 3,615 | 1,148,561 |
| TOYOTA MOTOR CREDIT CORP | 89236TDM4 | 01-09-19 | 2,000,000 | 1,999,300 | 2,000,984 | 16,244 | 2,017,228 |
| AMERICAN EXPRESS | 0258MDEC9 | 10-30-19 | 2,800,000 | 2,799,322 | 2,784,908 | 8,066 | 2,792,974 |
| MORGAN STANLEY | 6174467P8 | 07-24-20 | 3,150,000 | 3,516,188 | 3,439,211 | 75,556 | 3,514,767 |

EXHIBIT 1
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REPORT OF INVESTMENTS (continued)
FOR QUARTER ENDED JUNE 30, 2017

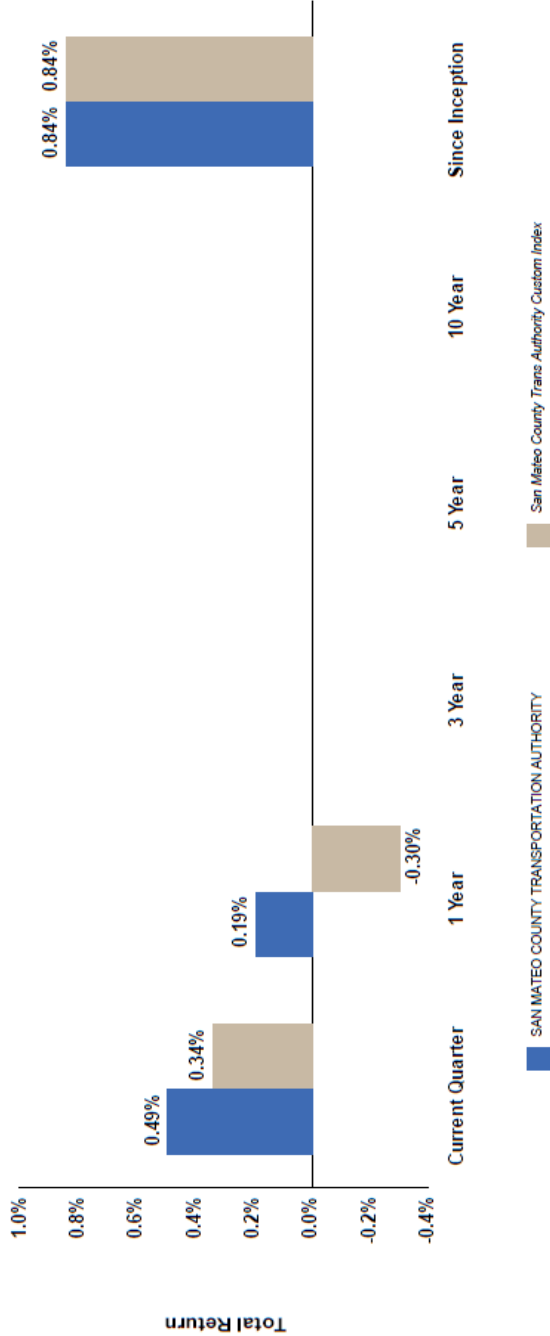
| TYPE OF SECURITY | CUSIP # | MATURITY DATE | PAR VALUE | ORIGINAL | | INTEREST REC'VBLE | MARKET VALUE + ACCR INT. | |
|---|-----------|---------------|-----------|--------------------|--------------------|--------------------|--------------------------|--------------------|
| | | | | PURCHASE PRICE | MARKET VALUE | | | |
| PFIZER INC | 717081EB5 | 12-15-19 | 2,080,000 | 2,078,502 | 2,083,305 | 1,572 | 2,084,877 | |
| JOHN DEERE | 24422ESR1 | 12-15-17 | 2,315,000 | 2,325,765 | 2,316,567 | 1,595 | 2,318,162 | |
| JOHN DEERE CAPITAL CORP. | 24422ETM1 | 10-15-18 | 1,200,000 | 1,199,220 | 1,200,558 | 4,180 | 1,204,738 | |
| JOHN DEERE CAPITAL CORP. | 24422ETL3 | 01-06-22 | 685,000 | 681,979 | 695,950 | 8,824 | 704,774 | |
| GOLDMAN SACHS | 38141GGO1 | 07-27-21 | 2,750,000 | 3,035,093 | 3,014,138 | 61,760 | 3,075,898 | |
| AMERICAN HONDA | 02665WAH4 | 08-15-19 | 3,150,000 | 3,165,656 | 3,176,747 | 26,775 | 3,203,522 | |
| CITIGROUP INC | 172967LF6 | 01-10-20 | 1,575,000 | 1,574,370 | 1,584,469 | 18,329 | 1,602,798 | |
| MICROSOFT CORP | 594918BV5 | 02-06-20 | 1,520,000 | 1,518,982 | 1,523,874 | 11,326 | 1,535,201 | |
| BERKSHIRE HATHAWAY | 084670BL1 | 08-14-19 | 3,150,000 | 3,167,829 | 3,174,053 | 25,174 | 3,199,227 | |
| WALT DISNEY | 25468PDP8 | 03-04-20 | 660,000 | 659,828 | 662,061 | 4,111 | 666,172 | |
| APPLE INC BONDS | 037833CS7 | 05-11-20 | 1,325,000 | 1,323,649 | 1,324,229 | 3,313 | 1,327,541 | |
| JP MORGAN CHASE & CO | 46625HJD3 | 01-24-22 | 1,500,000 | 1,622,730 | 1,624,274 | 29,438 | 1,653,711 | |
| HOME DEPOT INC | 437076B04 | 06-05-20 | 750,000 | 749,565 | 750,343 | 975 | 751,318 | |
| | | | 20.31% | | | | | |
| <u>COMMERCIAL PAPERS</u> | | | | | | | | |
| BNP PARIBAS NY BRANCH | 09659BUH1 | 07-17-17 | 4,000,000 | 3,960,400 | 3,997,752 | 0 | 3,997,752 | |
| CANADIAN IMPERIAL HLDNG | 13607EXD6 | 10-13-17 | 3,100,000 | 3,068,157 | 3,088,744 | 0 | 3,088,744 | |
| BANK OF TOKYO MITSUBISHI | 06538BXP3 | 0-23-17 | 3,000,000 | 2,979,033 | 2,987,523 | 0 | 2,987,523 | |
| CREDIT AGRICOLE CIB NY | 22533TYL4 | 11-20-17 | 3,000,000 | 2,980,241 | 2,984,019 | 0 | 2,984,019 | |
| ING (US) FUNDING LLC | 4497W0WM6 | 09-21-17 | 3,000,000 | 2,987,698 | 2,991,390 | 0 | 2,991,390 | |
| | | | 10.29% | | | | | |
| <u>CERTIFICATE OF DEPOSIT</u> | | | | | | | | |
| CANADIAN IMPERIAL BANK NY | 13606A5Z7 | 11-30-18 | 3,100,000 | 3,097,582 | 3,112,986 | 4,850 | 3,117,836 | |
| SVENSKA HANDELSBANKEN NY | 86958JHB8 | 01-10-19 | 3,100,000 | 3,100,000 | 3,091,580 | 27,668 | 3,119,248 | |
| NORDEA BANK FINLAND NY | 65558LWA6 | 11-30-18 | 3,100,000 | 3,100,000 | 3,112,986 | 4,698 | 3,117,684 | |
| BANK OF NOVA SCOTIA HOUSTON | 06417GUE6 | 04-05-19 | 3,100,000 | 3,100,000 | 3,098,174 | 14,145 | 3,112,319 | |
| SUMITOMO MITSUI BANK NY | 86563YVNO | 05-03-19 | 3,100,000 | 3,100,000 | 3,104,712 | 10,062 | 3,114,774 | |
| | | | 9.91% | | | | | |
| <u>ASSET-BACKED SECURITY/COLLATERIZED MORTGAGE OBLIGATIONS</u> | | | | | | | | |
| CCCIT 2017-A2 A2 | 17305EGA7 | 01-17-21 | 2,650,000 | 2,649,493 | 2,653,382 | 19,853 | 2,673,235 | |
| ALLYA 2017-1 A3 | 02007PAC7 | 06-15-21 | 705,000 | 704,938 | 704,202 | 533 | 704,734 | |
| FORDO 2017-A A3 | 34531EAD8 | 06-25-21 | 2,200,000 | 2,199,992 | 2,198,370 | 1,633 | 2,200,003 | |
| TAOT 2017-A A3 | 89238MAD0 | 02-15-21 | 780,000 | 779,908 | 780,995 | 600 | 781,594 | |
| ALLYA 2017-2 A3 | 02007HAC5 | 08-15-21 | 2,485,000 | 2,484,707 | 2,485,533 | 1,966 | 2,487,498 | |
| TAOT 2017-B A3 | 89190BAD0 | 07-15-21 | 3,100,000 | 3,099,762 | 3,101,929 | 2,425 | 3,104,354 | |
| CCCIT 2017-A3 A3 | 17305EGB5 | 04-07-22 | 1,600,000 | 1,604,272 | 1,601,768 | 6,827 | 1,608,595 | |
| AMXCA 2017-4 A | 02582JHG8 | 12-15-21 | 1,200,000 | 1,199,808 | 1,199,055 | 880 | 1,199,935 | |
| | | | 9.41% | | | | | |
| CASH AND CASH EQUIVALENT | 31846V534 | | | | | 298 | 298 | |
| TOTAL FUNDS MANAGED BY INVESTMENT ADVISOR | | | | 156,403,655 | 157,165,333 | 156,765,072 | 686,339 | 157,451,411 |

EXHIBIT 1
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REPORT OF INVESTMENTS (continued)
FOR QUARTER ENDED JUNE 30, 2017

| TYPE OF SECURITY | CUSIP # | MATURITY DATE | PAR VALUE | ORIGINAL PURCHASE PRICE | MARKET VALUE | INTEREST REC'VBLE | MARKET VALUE + ACCR INT. |
|--|------------|------------------|--------------|-------------------------------|---------------------------|-------------------------|-----------------------------|
| <u>LIQUIDITY FUNDS MANAGED BY DISTRICT STAFF:</u> | | | | | | | |
| SAN MATEO COUNTY POOL | | | | 325,366,293 | 325,005,136 | 863,684 | 325,868,821 |
| LOCAL AGENCY INVESTMENT FUND | | | | 982,101 | 981,061 | 2,274 | 983,335 |
| U.S. BANK (CASH ON DEPOSIT) | | | | 178,791 | 178,791 | | 178,791 |
| BANK OF AMERICA CHECKING | | | | 1,312,549 | 1,312,549 | | 1,312,549 |
| TOTAL FUNDS MANAGED BY DISTRICT STAFF | | | | <u>327,839,734</u> | <u>327,477,537</u> | <u>865,958</u> | <u>328,343,496</u> |
| TOTAL FUNDS AS OF JUNE 30, 2017 | | | | <u>485,005,067</u> | <u>484,242,609</u> | <u>1,552,297</u> | <u>485,794,907</u> |

Portfolio Performance (Total Return)

| Portfolio/Benchmark | Effective Duration | Current Quarter | Annualized Return | | | | Since Inception (03/31/15)* |
|---|--------------------|-----------------|-------------------|--------|--------|---------|-----------------------------|
| | | | 1 Year | 3 Year | 5 Year | 10 Year | |
| SAN MATEO COUNTY TRANSPORTATION AUTHORITY | 2.17 | 0.49% | 0.19% | - | - | - | 0.84% |
| San Mateo County Trans Authority Custom Index | 2.16 | 0.34% | -0.30% | - | - | - | 0.84% |
| Difference | | 0.15% | 0.49% | - | - | - | 0.00% |

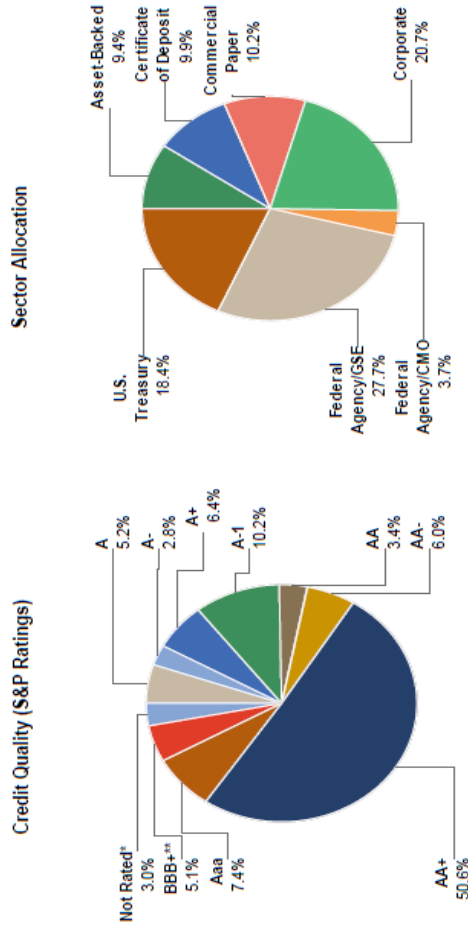


Portfolio performance is gross of fees unless otherwise indicated. *Since inception performance is not shown for periods less than one year.

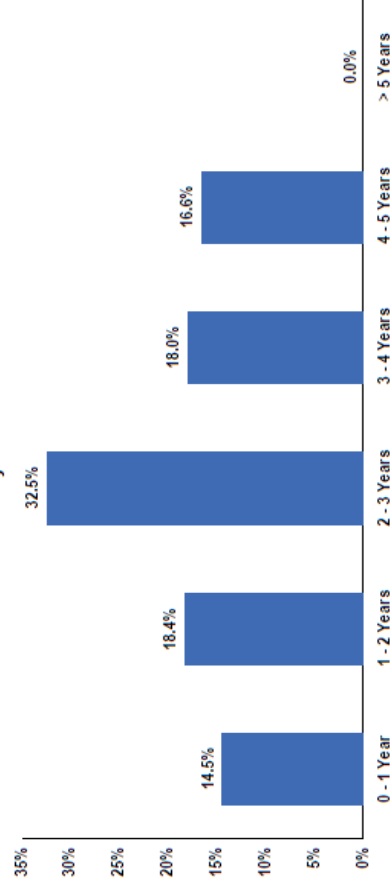
Portfolio Statistics

As of June 30, 2017

| | |
|------------------------|---------------|
| Par Value: | \$156,403,665 |
| Total Market Value: | \$157,628,940 |
| Security Market Value: | \$156,795,072 |
| Accrued Interest: | \$885,083 |
| Cash: | \$178,791 |
| Amortized Cost: | \$157,066,281 |
| Yield at Market: | 1.63% |
| Yield at Cost: | 1.55% |
| Effective Duration: | 2.17 Years |
| Duration to Worst: | 2.19 Years |
| Average Maturity: | 2.45 Years |
| Average Credit: *** | AA |



Maturity Distribution



*Asset-backed securities rated Aaa by Moody's.
 **Citigroup, Goldman Sachs, and Morgan Stanley corporate notes rated A by Fitch.
 ***An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

EXHIBIT 3

Sector Allocation and Compliance

- The portfolio is in compliance with the Authority's Investment Policy and the California Government Code.

| Security Type | Market Value as of June 30, 2017 | % of Portfolio | Permitted by Policy | In Compliance | Average Credit Rating |
|-----------------------------|----------------------------------|----------------|---------------------|---------------|-----------------------|
| U.S. Treasury | \$28,862,368 | 18.3% | 100% | ✓ | AA+ |
| Federal Agency/GSE | \$43,316,064 | 27.5% | 100% | ✓ | AA+ |
| Federal Agency/CMO | \$5,790,924 | 3.7% | 20% | ✓ | AA+ |
| Corporate Notes | \$32,500,617 | 20.6% | 30% | ✓ | A+ |
| Negotiable CDs | \$15,520,438 | 9.8% | 10% | ✓ | A+ |
| Asset-Backed Securities | \$14,725,234 | 9.3% | 30% | ✓ | AA- |
| Commercial Paper | \$16,049,428 | 10.2% | 15% | ✓ | A-1 |
| Securities Sub-Total | \$156,765,072 | 99.5% | | | |
| Accrued Interest | 685,083 | 0.4% | | | |
| Securities Total | \$157,450,154 | 99.9% | | | |
| Money Market Fund | \$178,791 | 0.1% | 10% | ✓ | AAAm |
| Total Investments | \$157,628,946 | 100.0% | | | |

As of 6/30/2017.

EXHIBIT 4

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
General Manager/CEO

FROM: Derek Hansel
Chief Financial Officer

April Chan
Chief Officer, Planning/Grants
and Transportation Authority

SUBJECT: **ALLOCATION OF \$9,577,753 IN NEW MEASURE A FUNDS TO THE
SAN MATEO COUNTY TRANSIT DISTRICT FOR THE SAMTRANS PARATRANSIT
PROGRAM AND FOR CALTRAIN OPERATIONS**

ACTION

Staff proposes the Board:

1. Allocate \$6,191,353 in New Measure A funds from the Caltrain Program category to the San Mateo County Transit District (District) for San Mateo County's share of Caltrain's Fiscal Year (FY) 2018 Operating Budget;
2. Allocate \$3,386,400 in New Measure A funds from the Paratransit Program category to the District for its Paratransit Program in FY2018;
3. Authorize the Executive Director or his designee to execute any necessary documents or agreements to encumber the subject funding.

SIGNIFICANCE

In accordance with the 2004 Transportation Expenditure Plan (2004 TEP), up to one-half of the available funding in the Caltrain Program category, or 8 percent of the annual sales tax revenues, may be utilized by the District to support Caltrain operating costs. In FY2018, San Mateo County's share for the Caltrain Operating budget is \$6,191,353; this is less than the \$6,772,800 designated for this category. The balance will be retained by the TA for Caltrain's future operating funding needs.

The 2004 TEP also provides that 4 percent of sales tax revenues, or \$3,386,400 in FY2018, will be allocated to support the operating and capital needs of providing paratransit or other accessible services to eligible seniors and people with disabilities in the County. The District will be using the \$3,386,400 to provide paratransit service for eligible seniors and people with disabilities through Redi-Wheels and other accessible services.

BUDGET IMPACT

The proposed allocations to the District of \$6,191,353 for San Mateo County's local share of the Caltrain Operating Budget, and \$3,386,400 for the Paratransit Program, are included in the TA's FY2018 Adopted Budget under the Expenditures category under Annual Allocations.

BACKGROUND

The TA's 2004 TEP sets the program categories and percentage splits of the sales tax revenues for each of six categories: Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief. Within the Transit Program, funding is provided for multiple modes of transit including Caltrain, Local Shuttles, Accessible Services, Ferry, the Dumbarton Corridor and Bay Area Rapid Transit. The 2004 TEP also provides for allocation of funds remaining in the Original Measure A Program for projects outlined in the 1988 Measure A Transportation Expenditure Plan, including Caltrain improvements. The TA's Strategic Plan was approved by the Board to provide a policy framework for guiding programming and allocation decisions within the structure established by the 2004 TEP. The proposed allocations are consistent with the Strategic Plan.

Prepared By: Jeannie Chen, Manager, Budgets
Tina Medeiros, Senior Budgets Analyst

650-508-6425
650-508-6302

RESOLUTION NO. 2017 –

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

*** * ***

ALLOCATING \$9,577,753 IN NEW MEASURE A FUNDS TO THE SAN MATEO COUNTY TRANSIT DISTRICT FOR THE SAMTRANS PARATRANSIT PROGRAM AND FOR CALTRAIN OPERATIONS

WHEREAS, on June 7, 1988, the voters of San Mateo County approved the ballot measure known as "Measure A" (Original Measure A), which increased the local sales tax in San Mateo County by one-half percent with the new tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters; and

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 Measure A (New Measure A) half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan (2004 TEP) beginning January 1, 2009; and

WHEREAS, the 2004 TEP provides for New Measure A funding for various program categories and percentage splits of the sales tax revenue for these program categories; and

WHEREAS, the TA designates up to 8 percent of New Measure A revenues for Caltrain to support the operating costs for which the San Mateo County Transit District (District) is responsible; and

WHEREAS, the TA designates 4 percent of New Measure A revenues to support the operating and capital needs of providing paratransit or other accessible services to eligible seniors and people with disabilities in San Mateo County; and

WHEREAS, the Executive Director proposes that the TA allocate a total of \$9,577,753 in New Measure A funds, as follows:

1. \$6,191,353 in New Measure A funds from the Caltrain Program category to the District to fund a portion of San Mateo County's share of Caltrain's Fiscal Year (FY) 2018 Operating Budget, retaining the balance of funds available for the Caltrain Program category for allocation by the TA for Caltrain's future operating funding needs;
2. \$3,386,400 in New Measure A funds from the Paratransit Program category to the District for its Paratransit Program in FY2018; and

WHEREAS, the proposed allocations are consistent with amounts approved in current and prior year budgets and meet the intent of the 2004 TEP.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority hereby allocates a total of \$9,577,753 in New Measure A funds to the San Mateo County Transit District as detailed above.

BE IT FURTHER RESOLVED that the Executive Director or his designee is authorized to execute any necessary documents or agreements to encumber the subject funding.

Regularly passed and adopted this 3rd day of August, 2017 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

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

SUBJECT: **PROGRAM REPORT: TRANSIT – PENINSULA CORRIDOR ELECTRIFICATION
PROGRAM**

ACTION

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

SIGNIFICANCE

This presentation is part of a series of program reports presented to the Board. Each of the Transportation Authority's six program areas – Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief Programs – will be featured individually throughout the year. This item features a report highlighting the Peninsula Corridor Electrification Program (PCEP).

BUDGET IMPACT

There is no impact on the budget.

BACKGROUND

PCEP includes the electrification of the existing Caltrain corridor between San Francisco and San Jose, and the replacement of 75 percent of Caltrain's diesel train service with high-performance electric trains, called Electric Multiple Units (EMUs).

A groundbreaking ceremony was held on July 21 to commemorate the start of construction of the project. Revenue service date is targeted for the spring of 2022. PCEP has a total estimated cost of \$1.98 billion.

This month's presentation will be presented via PowerPoint.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

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

Staff will provide regular updates to the Board in accordance with the approved Legislative Program.

STATE ISSUES

AS OF 7/24/2017:

On Monday, July 17, the Legislature, with strong bipartisan support, approved a Legislative package that will guide California's climate change policy until 2030. Assembly Bill 398 (Garcia) extends the state's Cap and Trade program until December 30, 2030. The bill also alters the program's structure by establishing a price ceiling for auction allowances and limiting the use of carbon offsets. The bill is currently awaiting the Governor's signature.

As part of this package, the Legislature also approved Assembly Constitutional Amendment 1 (Mayes). This constitutional amendment, if approved by voters, would trigger the automatic suspension of the Cap and Trade Expenditure Plan implemented by 2014's Senate Bill 862 (Committee on Budget) [Chapter 36, Statutes of 2014] beginning in 2024. The continuous appropriation to these programs would recommence only if approved by a 2/3-vote of the Legislature.

A vote on the expenditure of Cap and Trade auction proceeds from the 40 percent not continuously appropriated to the Transit and Intercity Rail Capital program, Low Carbon Transit Operations program, Affordable Housing and Sustainable Communities program, and the high-speed rail project is expected after Summer Recess.

On Wednesday, July 19, Senate Bill 595 (Beall) was amended to include a list of projects that would be funded from the bridge toll increase. The list includes \$130 million for Dumbarton Rail/Altamont Corridor Express/ BART/ Shinn Station, \$50 million for Highway 101/State Route 92 Interchange, \$350 million for Caltrain Downtown Extension, and \$300 million for a Corridor Express Lane program

The Legislature will return from Summer Recess on August 21.

FEDERAL ISSUES

As 7/24/2017:

On Monday, July 17, the House Appropriations Committee approved the Fiscal Year 2018 (FY 2018) Transportation, Housing and Urban Development spending measure that would provide \$17.9 billion in discretionary funding for the Department of Transportation, \$646 million less than current levels and \$1.5 billion above the President's request. The legislation would eliminate Transportation Investment Generating Economic Recovery (TIGER) grants, which were funded at \$500 million in FY 2017. The measure is scheduled for a hearing in the Senate Committee on Appropriations on Thursday, July 27.

Prepared By: Brent Tietjen, Government and Community Affairs
Officer

650-508-6495