

**COUNTY OF SAN MATEO  
INTERDEPARTMENTAL CORRESPONDENCE**

**To:** Honorable Board of Supervisors  
**From:** Paul Scannell, Assistant County Manager  
**Subject:** ABAG Financing for BART Extension to SFO  
**Date:** January 10, 2001

RECOMMENDATION

Adopt a resolution subsequent to a public hearing approving the issuance of bonds by the Association of Bay Area Governments (“ABAG”) for the financing of BART extension to the San Francisco International Airport.

BACKGROUND

The County is a member of the Association of Bay Area Governments (“ABAG”) ABAG is a joint powers authority formed by the cities and counties in the Bay Area. ABAG assists local agencies by issuing bonds to finance capital improvements.

Under the Marks-Roos Local Bond Pooling Act (Government Code section 6500 and following), joint powers authorities are authorized to issue bonds to pay for the costs of mass transit facilities or vehicles. However, Government Code section 6586.5 requires that before a joint powers authority can authorize such bonds, a local agency that is not itself a joint powers authority, within whose boundaries the public capital improvement is to be located must: (1) hold a public hearing, (2) make a finding of “significant public benefit” and (3) approve the issuance of the bonds.

The San Francisco Bay Area Rapid Transit District (“BART”) has requested ABAG to issue approximately \$500,000,000 in bonds (the “Bonds”) to assist in financing the BART extension to the vicinity of the San Francisco International Airport (“SFO Extension”). BART will use the Bond proceeds to retire \$300,000,000 in outstanding commercial paper and to fund the continued construction of the SFO Extension. The bond proceeds will be given to BART in exchange for a pledge of the revenues from the Full Funding Grant Agreement (the “FTA Grant”) between BART and the Federal Transit Administration. The FTA Grant revenues will be assigned to the bond trustee to secure payment of the bonds. The Bonds will be rated AAA based on an AMBAC Assurance Corporation insurance policy securing the Bonds.

DISCUSSION

ABAG will undertake this financing on behalf of BART which will own and operate the SFO Extension. However, in order to comply with Government Code section 6586.5, the County of San Mateo is requested to approve the issuance of the bonds after holding a

public hearing. These County actions are necessary under Government Code section 6586.5 because the SFO Extension is located within the boundaries of San Mateo County.

The County Board of Supervisors must also make a finding that the financing of the public capital improvement will result in “significant public benefit” in accordance with Government Code section 6586. “Significant public benefit” means any of the following benefits to the citizens of the local agency:

- (a) Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or issuance costs.
- (b) Significant reductions in effective user charges levied by a local agency.
- (c) Employment benefits from undertaking the project in a timely fashion.
- (d) More efficient delivery of local agency services to residential and commercial development.

The project will provide employment benefits during construction and following completion of the SFO Extension, BART anticipates employing at least 50 additional persons in the operation of the SFO Extension. The SFO Extension will provide additional efficient transit services to County residents.

#### FISCAL IMPACT

The proposed bonds are payable solely from the revenues derived from the FTA Grant and are not payable from or secured by any revenues of the County. Therefore, the County’s approval of the bonds will have no short-term or long-term budgetary implications for the County.

cc: Thomas F. Casey III, County Counsel

BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO

RESOLUTION NO. \_\_\_\_\_

RESOLUTION APPROVING THE ISSUANCE BY THE ASSOCIATION OF BAY AREA GOVERNMENTS OF BART SFO EXTENSION BONDS (FTA CAPITAL GRANT) TO REFUND OUTSTANDING COMMERCIAL PAPER NOTES AND TO FURTHER FINANCE THE EXTENSION OF THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT SYSTEM TO THE VICINITY OF SAN FRANCISCO INTERNATIONAL AIRPORT.

WHEREAS, cities and counties in the San Francisco Bay Area have heretofore entered into a Joint Exercise of Powers Agreement, dated as of January 24, 1961 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Association of Bay Area Governments ("ABAG"), a joint exercise of powers agency duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the "Act");

WHEREAS, Article 4 of the Act authorizes and empowers ABAG to issue bonds to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, \$300,000,000 aggregate principal amount of San Francisco Bay Area Transit Financing Authority Commercial Paper Notes in six series (the "CP Notes") have been executed and delivered pursuant to an Indenture, dated as of August 1, 1992, as amended, by and between the San Francisco Bay Area Transit Financing Authority (the "Transit Authority") and U.S. Bank Trust National Association, as successor to Bank of America National Trust and Savings Association, as trustee (the "CP Trustee"), for the purpose of providing the proceeds of the CP Notes to the San Francisco Bay Area Rapid Transit District ("BART") to assist in the financing of certain capital improvements relating to the extension of the BART system to San Francisco International Airport (the "SFO Extension");

WHEREAS, BART and the Transit Authority entered into the Pledge and Contribution Agreement, dated as of August 1, 1992, as amended, under which BART, as consideration for the provision by the Transit Authority to BART of the proceeds of the CP Notes, pledged to the Transit Authority the amounts to be received by BART under the Full Funding Grant Agreement labeled "CA-03-0394-06 San Francisco Airport Extension Project," between BART and the United States of America, acting through the Department of Transportation, Federal Transit Administration (the "FTA Grant");

WHEREAS, ABAG has been requested by BART to issue approximately \$500,000,000 aggregate principal amount of its BART SFO Extension Bonds (FTA Capital Grant), 2001 Series A (the "Bonds") to refund the CP Notes and provide additional funds for the

SFO Extension, in anticipation of payments under the FTA Grant, resulting in significant public benefits by assisting in the construction of the SFO Extension;

WHEREAS, Section 6586.5 of the Act requires that a member of ABAG within whose boundaries the project being financed is located conduct a public hearing on the financing and following such hearing make a finding of significant public benefit as to the financing;

WHEREAS, the County of San Mateo (the "County") is currently a member of ABAG and the SFO Extension is located in the County;

WHEREAS, the County heretofore held a public hearing on the proposed financing following publication of the notice of the public hearing at least five days prior thereto in a newspaper of general circulation in each affected county or city and county, including the County; and

WHEREAS, the issuance of the Bonds by ABAG will result in significant public benefits by assisting in the construction of the SFO Extension, thereby providing employment benefits from undertaking the project in a timely fashion and resulting in more efficient transit services;

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of San Mateo, as follows:

Section 1. The foregoing recitals are true and correct and this Board hereby so finds and determines.

Section 2. This Board, pursuant to Section 6586.5 of the Act, hereby approves the financing of the SFO Extension by the issuance by ABAG of the Bonds.

Section 3. This Board's approval of the issuance of the Bonds by ABAG does not constitute an endorsement of the Bonds by the County or a recommendation by the County of the structure or terms of such financing.

Section 4. This Board's approval of the issuance of the Bonds in no way constitutes a pledge of any funds of the County, or guarantee, with respect to the repayment of the Bonds.

Section 5. The Clerk of the Board of the County shall forward a certified copy of this Resolution to:

Mary A. Collins  
Orrick, Herrington & Sutcliffe LLP  
Old Federal Reserve Bank Building  
400 Sansome Street  
San Francisco, California 94111

Section 6. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 23rd day of January, 2001.

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
President of the Board  
of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

*Regularly passed and adopted this 23rd day of January, 2001*

*AYES and in favor of said resolution*

*Supervisors*

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*NOES and against said resolution:*

*Supervisors*

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*Absent Supervisors*

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*President, Board of Supervisors  
County of San Mateo  
State of California*

*Certificate of Delivery*  
*(Government Code section 25103)*

*I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.*

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*Clerk of the Board of Supervisors*

CLERK'S CERTIFICATE

I, \_\_\_\_\_, Clerk of the Board of Supervisors of the County of San Mateo, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of said County duly and regularly and legally held at the regular meeting place thereof on January 23, 2001 of which meeting all of the members of the Board of Supervisors of said County had due notice and at which a majority thereof were present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

I further certify that an agenda of said meeting was posted at least 72 hours prior to the date of the meeting in a place in the City of Redwood City, California, freely accessible to members of the public and that a short description of said resolution appeared on said agenda.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Clerk of the Board of Supervisors  
County of San Mateo

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