

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

January 11, 2012

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

MEETING SUMMARY FOR THE NOVEMBER 9, 2011,
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MEETING

File Number 1500100

Attendance

- Committee Members:
- Jim Ryan, Chair
 - Paul Fromer, Vice Chair
 - Michael Kenney
 - Carolyn Lee
 - Jonathan Tibbitts
- Absent:
- John Chalker
 - Tracy Sandoval
 - Dick Vortmann
- Staff:
- Gary L. Gallegos
 - Renée Wasmund
 - Kim Kawada
 - Ariana zur Nieden

The meeting of the *TransNet* Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Jim Ryan at 9:30 a.m.

1. APPROVAL OF MEETING SUMMARY

Action: Upon a motion by Jonathan Tibbitts and a second by Michael Kenney, the ITOC approved the September 14, 2011, meeting summary.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

John Wotzka, a member of the public, spoke regarding several issues, including recent legislation, energy, infrastructure funding, federal pension, and level of personal debt of American citizens.

Chair Jim Ryan asked that Agenda Item No. 12 be presented first.

12. ITOC SUBCOMMITTEE REPORT ON USE OF *TransNet* FUNDS FOR POTENTIAL ACQUISITION OF STATE ROUTE 125 FRANCHISE AGREEMENT (DISCUSSION)

At its September 14, 2011, meeting, the ITOC reviewed the proposed financing options for the potential acquisition of the State Route 125 (SR 125) toll road franchise agreement, focusing its review on the eligibility of using *TransNet* funds for the potential acquisition. ITOC members formed a subcommittee to procure legal services for purposes of obtaining an independent opinion of whether the proposed *TransNet* loan/swap option would be permitted under applicable law.

Chair Ryan provided background for the item and introduced David Demian, with the firm of Marks, Finch, Thornton & Baird, LLP (MFTB), the outside law firm retained by the ITOC for the legal analysis. Mr. Demian presented the results of the legal analysis and opinion memorandum dated October 31, 2011.

Chair Ryan asked the ITOC to discuss the results of the legal analysis conducted by MFTB and stated that any comments would be forwarded to the Board of Directors for consideration as part of Board deliberations on the potential acquisition of the SR 125 toll road in November/December 2011.

Action: Upon a motion by Mr. Tibbitts and a second by Carolyn Lee, the ITOC forwarded the legal analysis conducted by MFTB to the Board for consideration as part of Board deliberations on the potential acquisition of the SR 125 toll road at the November 18, 2011, Board meeting, and directed staff to provide a verbal report referring to the legal analysis confirming the permissibility of use of *TransNet* funds for the SR 125 financing. The ITOC also directed MFTB to conduct an additional review of the draft *TransNet* promissory note to confirm consistency with the MFTB October 31, 2011, opinion.

CONSENT (3 through 5)

3. 2012 ITOC MEETING CALENDAR (APPROVE)

The ITOC was asked to approve the meeting calendar for the upcoming year.

4. PROPOSED AMENDMENTS TO BOARD POLICY NO. 031 (INFORMATION)

As part of an annual review of Board Policies, SANDAG staff proposed amendments to Board Policy No. 031, which contains the *TransNet* Ordinance and Expenditure Plan Rules. This report summarized the proposed changes to Board Policy No. 031.

5. FINANCIAL MARKET STATUS AND *TransNet* SUBSTITUTION OF LIQUIDITY PROVIDER (INFORMATION)

This quarterly report is intended to keep the ITOC informed about the latest developments in the financial markets, the economy, and sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the *TransNet* program. This report also provided information to the ITOC with respect to the recent replacement of Dexia as the underlying liquidity facility provider for half of the long-term variable rate debt and for the commercial paper program.

Action: Upon a motion by Mr. Kenney, and a second by Mr. Tibbitts, the ITOC approved Consent Agenda Item Nos. 3 through 5.

REPORTS (6 through 15)

6. SUMMARY OF TRANSPORTATION COMMITTEE AND BOARD OF DIRECTORS ACTIONS ON *TransNet*-RELATED AGENDA ITEMS (INFORMATION)

This monthly briefing is intended to keep the ITOC informed about relevant SANDAG actions taken on *TransNet*-related projects and programs.

Kim Kawada, *TransNet* and Legislative Affairs Program Director, provided a summary of Transportation Committee and Board actions on agenda items that the ITOC has reviewed, including an update on the following items: 2050 Regional Transportation Plan and its Sustainable Communities Strategy; 2010 Regional Transportation Improvement Program (RTIP) Amendment Nos. 12 and 13; 2012 State Transportation Improvement Program (STIP); and Proposition 1B Corridor Mobility Improvement Account.

Action: This item was presented for information.

7. A. QUARTERLY *TransNet* FINANCIAL REPORTS FOR THE PERIOD ENDING SEPTEMBER 30, 2011, AND OTHER FINANCIAL DATA (INFORMATION)

Lisa Kondrat-Dauphin, Senior Accountant, provided the quarterly update on certain *TransNet* financial information in accordance with requests from ITOC, as well as in response to a recommendation from the first *TransNet* Triennial Performance Audit.

ITOC members requested a report on options for reducing the ITOC balance of carryover funds for the Committee's consideration as part of the FY 2013 budget cycle.

Action: This item was presented for information.

B. CITY OF SAN DIEGO FUND BALANCE (INFORMATION)

Ms. Kondrat-Dauphin stated that at its June 8, 2011, meeting, the ITOC requested additional information regarding local jurisdiction fund balances, specifically the City of San Diego.

Tony Heinrichs and James Nagelvoort, City of San Diego, provided a report on the City's plan for spending down *TransNet* local street and road funds.

Action: This item was presented for information.

8. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: ANNUAL STATUS REPORT (INFORMATION)

Keith Greer, Senior Regional Planner, provided the ITOC with background on the *TransNet* Environmental Mitigation Program (EMP) and accomplishments for FY 2011.

Action: This item was presented for information.

9. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM IMPLEMENTATION RECOMMENDATIONS (DISCUSSION)

Mr. Greer presented two items related to the implementation of the *TransNet* EMP: (A) proposed allocation of FY 2012 funding for management and monitoring activities pursuant to the *TransNet* EMP Memorandum of Agreement with the federal and state resource agencies; and (B) the proposed award of FY 2011 land management grants.

Action: This item was presented for discussion only.

10. 2012 STATE TRANSPORTATION IMPROVEMENT PROGRAM (DISCUSSION)

The California Transportation Commission released its fund estimate for the 2012 STIP, and the Transportation Committee reviewed programming recommendations for the 2012 STIP in October.

Sookyung Kim, Financial Programming Manager, presented for review by the ITOC the 2012 STIP recommendations that affect the *TransNet* Early Action Program (EAP).

Action: This item was presented for discussion.

11. MID-COAST CORRIDOR TRANSIT PROJECT UPDATE (INFORMATION)

The Federal Transit Administration recently approved the entry of the Mid-Coast Corridor Transit Project into the preliminary engineering phase of project development under the New Starts program.

Leslie Blanda and Greg Gastelum, Project Development Program Managers, provided a project status update, including budget and schedule revisions that would be incorporated into the 2011 *TransNet* Plan of Finance update.

Action: This item was presented for information.

13. 2011 *TransNet* PLAN OF FINANCE UPDATE (RECOMMEND)

The *TransNet* Plan of Finance is updated on an annual basis, or more frequently as circumstances arise. The 2011 Plan of Finance continues to advance the SANDAG EAP.

Ms. Kawada provided an overview of the proposed 2011 Plan of Finance, which would keep the Robust EAP on schedule and allow for an outlay of *TransNet* funds for the potential acquisition of the SR 125 toll road, pending future Board actions scheduled for November/December 2011.

Richard Chavez, Principal Engineer, provided more details about the major assumptions used for the 2011 update, including a summary of the major program revenue, project schedule, and program costs.

Action: Upon a motion by Mr. Tibbitts, and a second by Ms. Lee, the ITOC recommended that the Board approve the 2011 *TransNet* Plan of Finance update. This action would support the pending issuance of \$250 million to \$300 million in long-term fixed-rate debt, the timing of which is subject to the Board's decision on the potential acquisition of the SR 125 toll road.

14. 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 12 (INFORMATION)

On September 24, 2010, the Board adopted the 2010 RTIP, the multiyear program of proposed major highway, arterial, transit, and bikeway projects in the San Diego region, covering the period FY 2011 to FY 2015.

Michelle Merino, Financial Programming Analyst II, provided the report on Amendment No. 12, which was approved by the Transportation Committee on October 21, 2011, focusing on the *TransNet* Program of Projects.

Action: This item was presented for information.

15. 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 13
(INFORMATION)

On September 24, 2010, the Board adopted the 2010 RTIP, the multiyear program of proposed major highway, arterial, transit, and bikeway projects in the San Diego region, covering the period FY 2011 to FY 2015. Amendment No. 13 represents the regular quarterly RTIP amendment and reflects changes included in the recently approved 2050 Regional Transportation Plan.

Ms. Merino provided the report on Amendment No. 13, which was approved by the Board on October 28, 2011, focusing on the *TransNet* Program of Projects.

Action: This item was presented for information.

16. FUTURE MEETING SCHEDULE

The next regular ITOC meeting is scheduled for Wednesday, December 14, 2011, at 9:30 a.m. Staff noted that this meeting may be cancelled, and that staff would poll the members based on possible agenda items.

17. ADJOURNMENT

Chair Ryan adjourned the meeting at 12:41 p.m.