



# City/MTC Financing

April 12, 2016

# Transbay Transit Center

**TJPA**





# Phase 1 Budget/ Financing Overview

- **Interim financing required to augment Phase 1 budget to level recommended by Metropolitan Transportation Commission (MTC)**
- **To be provided by Wells Fargo (up to \$160 million) and MTC (up to \$100 million)**
- **Secured by City's credit, at very low cost of funds**
- **TJPA will only draw on financing as needed**
- **City and MTC committee to approve expenditures from financing**
- **On-going debt service paid with incoming net tax increment; debt paid down with CFD proceeds as received; long-term tax increment financing to retire debt when tax increment stream is mature (6-10 years)**



# Short-Term Need (\$millions)

TJPA Approved Budget (2013)	1,899.4
MTC Recommended Budget (2015)	2,259.4
Total Shortfall	(360.0)
Approved Parcel F Transaction Consideration	160.0
Net Shortfall	(200.0)
Plus: CFD Special Tax Proceeds	(47.5)
Total Interim Financing Required	(247.5)
Plus Fees/Expenses/Reserve for Market Uncertainty	(12.5)
<b>Maximum Interim Financing</b>	<b>(260.0)</b>

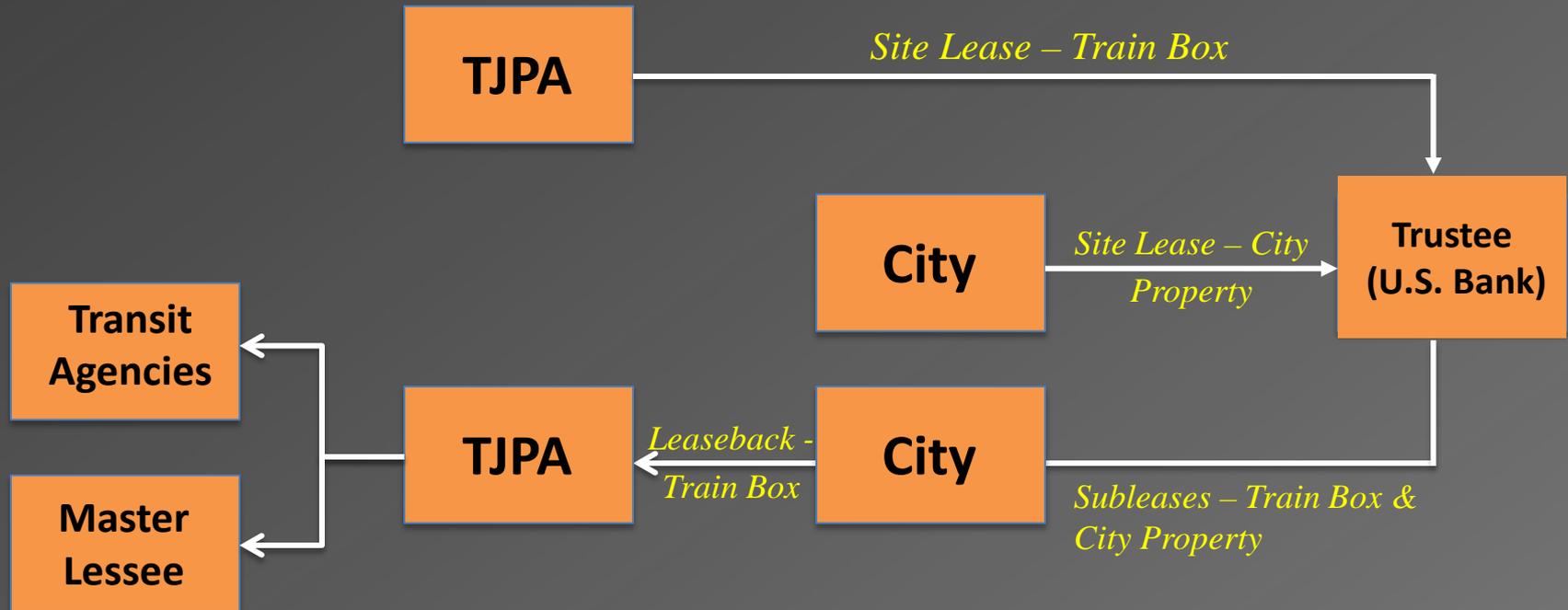


# Interim Financing Procurement

- **City issued Requests for Information from banks for interim financing in January**
- **Seven proposals received from banks/investment banks**
- **City selected Wells Fargo Bank for negotiations**
- **City also negotiated with MTC to purchase portion of the interim financing**
- **Short-term variable rate certificates to be issued by the City, privately placed with Wells Fargo and sold to MTC**



# Interim Financing Structure





# Interim Financing Security

- On parity with TIFIA loan, including pledge of net tax increment
- During term of financing, net tax increment pays ongoing interest costs (through lease payments)
- After Phase 1 completion, CFD proceeds used to pay down outstanding debt, reducing ultimate amount of long-term takeout
- If net tax increment and/or CFD proceeds insufficient, City general fund steps in



# Interim Financing Rate

	Wells Fargo	MTC
<b>Taxable</b>	1-month LIBOR + 0.56%	1-month LIBOR + 0.61%
<b>Tax Exempt</b>	70% of 1-month LIBOR + 0.375%	n/a

*1-month LIBOR = 0.435% (as of April 8, 2016)*

# Interim Financing Sources and Uses

Sources of Funds	
Certificate Par Amount (Wells Fargo)	\$158,157,549
Certificate Par Amount (MTC)	\$100,000,000
Reserve for Market Uncertainty*	<u>\$1,842,451</u>
<b>Total Sources:</b>	<b>\$260,000,000</b>
Uses of Funds	
Project Fund	\$247,500,000
Costs of Issuance	\$800,000
Fees and Expenses	\$9,857,549
Reserve for Market Uncertainty*	<u>\$1,842,451</u>
<b>Total Uses:</b>	<b>\$260,000,000</b>

\*Estimates only; indicative costs and estimates as of March 2016; actual costs dependent on market and finalized at financial close



# Remaining Actions to Close

- **TJPA Board Approval**
  - Resolution
  - Form of Site Lease – TJPA Property and form of Leaseback Lease
  - Cost Oversight Agreement
  - Potential TIFIA Loan Amendment
- **City Board of Supervisors Approval**
  - Introduced April 12
  - Budget & Finance Committee April 20
  - Heard at full Board April 26
- **MTC Approval**
  - Bay Area Toll Authority Oversight Committee April 13
  - Heard at full Authority Board April 27
- **60-day passive validation period following City approval**
- **Financial close approximately June 30**



Transbay Transit Center

Questions?