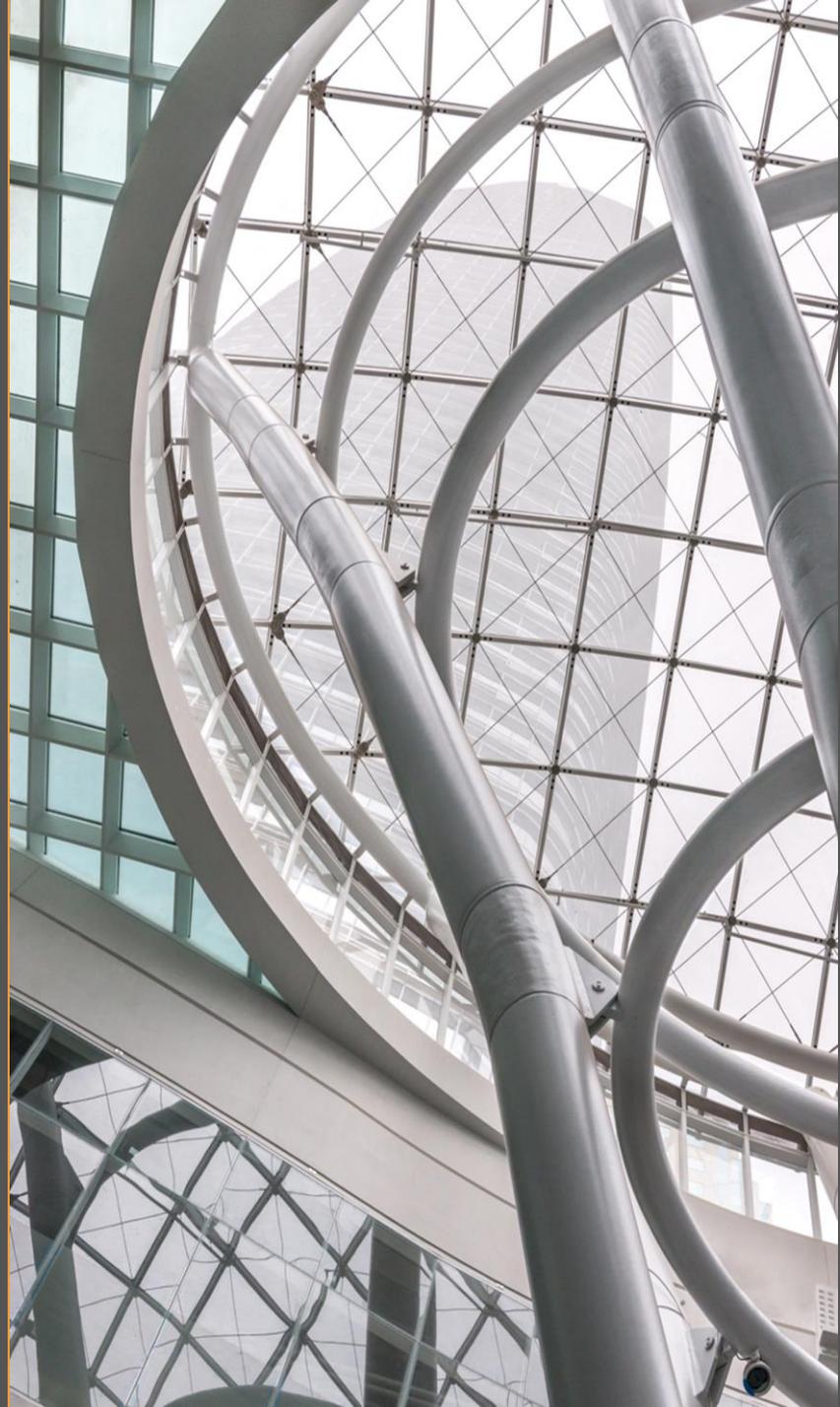


# TJPA 2020 Bond Sale

March 10, 2020



# Series 2020 Tax Allocation Bonds

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1. Refinance TIFIA Loan in full
2. City Financing remaining balance, if any
3. Provide New Money Proceeds



# TIFIA Refinance

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## Current

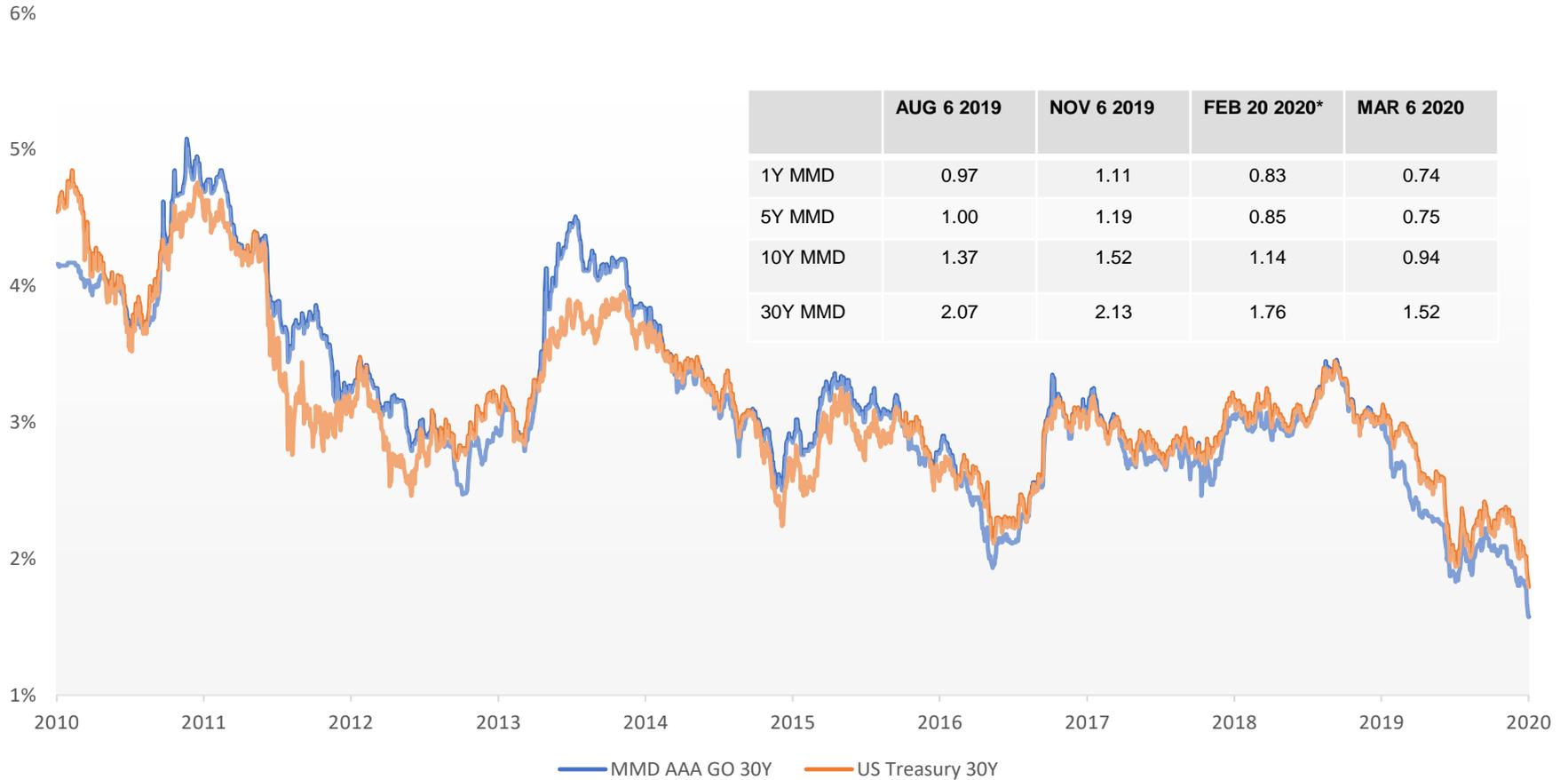
- Executed in 2010 for \$171M
- Secured primarily by Net Tax Increment
- Interest rate of 4.57%
- Final Maturity on Feb. 2051
- Outstanding balance of \$179M  
as of February 1, 2020

## Anticipated

- Refinancing in 2020 for \$179M
- Secured by Net Tax Increment
- Current market (as of Feb. 20, 2020) + 0.50% (approx. 3.5%)
- Final Maturity on Oct. 2049
- Level Annual Savings
- NPV Savings expected over 10% of refunded bonds or in excess of \$20M

# Market Update

30Y MMD AAA GO vs 30Y US Treasury Rates since 2010



# City Financing

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## Current

- Executed in 2017 for up to \$260M
- \$103M in total draws
- Net Tax Increment pays interest (on parity with TIFIA)
- Interest rate - 1-month LIBOR + 0.56%
- Interest rate caps - to hedge risk of rising interest rates
- Credit Facility Expires January 2022
- Outstanding balance of \$76M

as of January 31, 2020

## Anticipated

- Refinancing in May 2020, with:
- CCSF Community Facilities District 2014-1 (CFD) Bond 3<sup>rd</sup> Issuance
  - Secured by CFD Special Tax Revenues
  - Fixed Rate
- TJPA 2020 TABs in June 2020
  - Any Amount not Achieved by CFD Bond 3<sup>rd</sup> Issue
  - Secured by Net Tax Increment

# Other Uses of Proceeds

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- New money proceeds for the Transbay Terminal Project
  - Program Reserves \$35.5M
  - Tenant Improvements \$50.5M
  - Capital Replacement Reserve target of \$29.0M\*
- Other Transaction Uses
  - Insurance/Surety, if applicable
  - Debt Service Reserve
  - Cost of Issuance\*\*

*\* Up to \$40.0 million (depending upon market conditions)*

*\*\*Includes fees of Rating Agencies, Financial Advisors, Legal Counsel, Underwriters, Trustee. Disclosure Counsel, Verification Agent, Printer, and miscellaneous expenses associated with the issuance*

# Sources and Uses

<b>Planned Sources and Uses of TJPA and City Proposed 2020 Bond Sales <sup>a</sup></b>	
<b>Sources</b>	
Bond Proceeds-TJPA Series 2020 Bonds	318,700,000
Bond Proceeds-City CFD 2014-1 Bonds <sup>b</sup>	76,000,000
<b>TOTAL SOURCES</b>	<b>\$394,700,000</b>
<b>Uses</b>	
TIFIA Loan Principal/Interest	181,800,000
City Financing Principal/Interest <sup>b</sup>	76,000,000
Capital Replacement Reserve <sup>c</sup>	29,000,000
Phase 1 Program Reserve	35,500,000
Tenant Improvements	50,500,000
Cost of Issuance	3,300,000
Debt Service Reserve	18,600,000
<b>TOTAL USES</b>	<b>\$394,700,000</b>

*Notes:*

*a. Subject to market conditions at the time of sale. Amounts are rounded up to the hundred thousands.*

*b. Subject to City approval. To the extent CFD bond issuance not approved and/or proceeds of CFD bond issuance not adequate to pay total outstanding balance, the TJPA understands that City would expect the TJPA to repay the remainder the City Financing with a portion of the net proceeds of the TJPA's Series 2020 Bonds.*

*c. Targeted amount could increase up to \$40 million depending on market conditions at the time of sale of the Series 2020 Bonds.*

# Series 2020 Tax Allocation Bonds Structure

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- Bonds Issued in an amount not-to-exceed \$315M par amount
- Expected to be primarily tax-exempt (with taxable bonds\*)
- Bonds secured by Net Tax Increment (Pledged Revenues)
- Senior bonds in an amount that targets a minimum debt service coverage ratio of 1.5x\*\*
- Subordinate bonds to the extent necessary to generate sufficient proceeds
- Term of up to 30 years with market driven optional and mandatory repayment features
- Bonds anticipated to be fixed rate, current interest
- Green bonds via Climate Bonds Initiative third party certification
- Trustee to hold Pledged Revenues for payment of debt service and other obligations
- Based on Good Faith Estimate\*\*\*, Current Market +.50% would yield an overall 3.86% TIC

*\*Subject to the TJPA's tax counsel final analysis*

*\*\*To be determined following completion of discussions with rating agencies*

*\*\*\*Good Faith Estimate Uses current Market Conditions from 2/20/20*

# Underwriting Syndicate

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- RFP to Underwriting Firms
- Received 11 responsive proposals
  - Proposals evaluated on:
    - Approach
    - Work plan and schedule
    - Firm capabilities in underwriting and marketing tax allocation bonds
    - Experience of key personnel
    - Indicative cost
- Firms selected:
  - Citigroup Global Markets, Inc., Senior Manager
  - Stifel, Nicolaus & Company, Inc. Co-Senior Manager
  - Morgan Stanley & Co., LLC, Co-Manager

# Financing Calendar

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## March

- TJPA Board of Directors Meeting
- City and County of San Francisco Board of Supervisors Meeting
  - Notice of Public Hearing
  - Finding of “significant public benefits”

## April

- Credit Ratings from S&P and Fitch
- Finalize Discussions with Insurers

## May

- Finalize Offering Documentation

## June

- Bond Closing

# Budgetary Impact

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- Several Internal Budgeting and Accounting Adjustments
  - Budget Adjustments
    - Amend Operations Budget
    - Amend Capital Budget
    - Establish and Increase Separate Debt Service Budget
    - Establish Tenant Improvement Budget
  - Phase 1 Budget Remains the same \$2,259.4B –(Net \$0)
    - Removes Tenant Improvements –Decreases \$35.5
    - Reimburses Program Reserve- Increases \$35.5
  - Phase 2 Available Funding Increases by \$35.5M
  - Reserves
    - Fiscal Reserve Funded -\$50.5M
    - Capital Replacement Reserve-\$29M\*



# Thank You

**TJPA**  
TRANSBAY JOINT POWERS AUTHORITY

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