Annual Report to Legislature on Public Transit

Board of Directors Item 8 | June 28, 2019

Recommendation

The Transportation Committee recommends that the Board of Directors approve the FY 2018 Annual Report on Public Transit for submission to the California Legislature.
Making Bigger Regional Connections

- In FY 18, SANDAG, MTS, and NCTD invested more than $750 million in transit across the region.

Improving Existing Transit and Opening New Service
Enhancing Active Transportation Connections

San Diego: On the Move?
A Bold New Vision in 5 Big Moves

- COMPLETE CORRIDORS
- TRANSIT LEAP
- NEXT OS
- MOBILITY HUBS
- FLEXIBLE FLEETS

Recommendation

The Transportation Committee recommends that the Board of Directors approve the FY 2018 Public Transit Report for submission to the California Legislature.
LA MESA
JEWEL OF THE HILLS

N Spring Street Smart Growth Corridor

Phase 1: Construct Pedestrian Improvements along Spring Street, from Center Street to I-8 East on ramps
Phase 2: Construct Railroad Crossing Improvements

Phase 3: Construct Sidewalk Improvements from Railroad Crossing to Transit Station
University City Regional Projects

- Gilman Dr. Bridge Project
- Voigt Dr. Improvements
- Genesee Ave. Interchange Project
- Mid-Coast Trolley Project
- Genesee Southbound Auxiliary Lane
- Bridge Structure

UC San Diego East Campus

- Future Direct Access Ramp
- Trolley Station
Medical Access

Financial Status

Proposed Voigt Regional Budget
($16.4M increase)
- Baseline – $26.3 M
- Revised – $42.7M
- Funding – $12M SB1, $4.4M Corridor Savings

Proposed UCSD Improvement Project Contribution
($11M increase)
- Baseline – $3M
- Revised – $14M
- Funding – $14M UCSD
Recommendation

The Board of Directors is asked to:
• approve the Guaranteed Maximum Price negotiated between Mid-Coast Transit Constructors and SANDAG for Supplement 6 to the Construction Manager/General Contractor Construction Service Agreement for the Interstate 5/Voigt Drive Improvements Project in the amount of $35.9 million;
• authorize the Executive Director to execute Supplement 6;
• approve an amendment to the FY 2020 Program Budget, adding $12 million in SB 1 Local Partnership Program funding and $4.4 million in project savings from Elvira to Morena and San Diego River Bridge Double Track projects (Capital Improvement Program [CIP] Project Nos. 1239811 and 1239815) to fully fund the I-5/Voigt Drive Improvement Project (CIP Project No. 1200507); and
• approve an amendment to the FY 2020 Program Budget, accepting $14 million from UC San Diego for the UC San Diego Mid-Coast Improvements (CIP Project No. 1146700) to fund improvements along the corridor.
CM/GC Construction Services Agreement

Supplement 1 - Wet Utilities/CP Rose
Supplement 2 - San Diego River Bridge (LOSSAN)
Supplement 3 - Gilman Drive Bridge
Supplement 4 - Mid-Coast Trolley
Supplement 5 - Elvira to Morena Double Track
Supplement 6 - Voigt Drive Improvements
Supplement 7 - Rose Creek Bikeway
Supplement 8 - Genesee Avenue Auxiliary Lane

Voigt Cost Reductions
2019 Capital Grant Receipts
Revenue Bonds:
Review of Draft Documents

Board of Directors Item 17 | June 28, 2019

2019 Bond Financing Team

- San Diego Association of Governments
  - Kim Kawada, Chief Deputy Executive Director
  - Andre Douzidian, Finance Director
  - Jose Nuncio, TransNet Department Director
  - Jim Linthicum, Director of Mobility Management
  - John Kirk, General Counsel
  - Ray Major, Chief Economist and Data, Analytics, Modeling Director

- Financial Advisors, Public Financial Management
  - Peter Shellenberger, Managing Director
  - Darren Hodge, Director

- Bond Counsel, Norton Rose Fulbright US LLP
  - Victor Hsu, Partner
  - Russ Trice, Partner

- Disclosure Counsel, Orrick, Herrington & Sutcliffe, LLP
  - Devin Brennan, Partner
  - Mary Collins, Partner

- Senior Underwriter, Wells Fargo
  - Nancy Feldman, Managing Director
  - Julie Burger, Director
2019 Bond Issuance Presentation

1. Why we need to issue these bonds
2. Credit rating
3. Potential size and structure
4. Review draft bond documents
5. Calendar of events

Mid-Coast Project Schedule

- The Project is currently almost 60% complete with high-risk items such as utility relocation and most land acquisition finished
- Pre-revenue testing is expected to begin in June 2021
- The Project is expected to be open for service by late 2021

<table>
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<th>Year</th>
<th>Relocate Utilities</th>
<th>Build Supporting Infrastructure</th>
<th>Construct Viaducts and Bridges</th>
<th>Build Stations</th>
<th>Install Track and Power</th>
<th>Pre-revenue Testing Start-Up</th>
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Highest Level of Spending 2019-2020

Credit Rating Agency Review

- New ratings on these Bonds
  
  Preliminary Indicative Rating
  
  - Standard & Poor’s: A Category Rating
Potential Size and Structure

**Structure Overview**

- **Par Amount:** $327 million
  - 2019A Serial Bonds: $202 million
  - 2019B Super Sinker: $125 million
- **Project Fund Target:** Approximately $331 million
- **Tax Status:** Tax-exempt
- **Interest:** Semi-annual fixed-rate
- **Debt Service Reserve Fund:** Maximum Annual Interest
- **Capitalized Interest:** Through FFY2020
- **Maturity**
  - 2019A Serial Bonds: Nov. 15, 2023 - 2026
  - 2019B Super Sinker: Nov. 15, 2027
- **Call Feature**
  - 2019A Serial Bonds: 12 months prior to maturity
  - 2019B Super Sinker: Any interest payment date from Redemption Account monies

Financial Advisor Memo

**(Attachment 1)**

- **Market update**
- **2019 Bonds financing structure**
- **Financial considerations**
Resolution  
(Attachment 2)

- The Resolution authorizes issuance of the 2019 Bonds and approves the following documents:
  - Preliminary Official Statement
  - Trust Indenture
  - Bond Purchase Agreement
  - Continuing Disclosure Agreement
- The Resolution also approves other actions and matters relating to the 2019 bonds

Trust Indenture  
(Attachment 3)

- The Trust Indenture sets forth terms of the bonds and duties of SANDAG and the Trustee
Preliminary Official Statement
(Attachment 4)

- The Preliminary Official Statement is used to market the bonds and disclose all material information to the potential buyers of the bonds.

Bond Purchase Agreement
(Attachment 5)

- Agreement by underwriters to purchase 2019 Bonds from SANDAG
- Sets forth certain representations of SANDAG
- Identifies documents, opinions, and other requirements necessary to close the financing
Continuing Disclosure Agreement
(Attachment 6)

- SANDAG commitment to provide ongoing financial and operating information to the marketplace after the initial issuance of the 2019 Bonds in compliance with SEC rules

Catalogue of Blanks
(Attachment 7)

- Identifies items still pending in the draft Bond documents
2019 Costs of Issuance
(Attachment 8)

- Costs determined through competitive procurement process or negotiations
- Negotiated competitive costs
  - Costs of issuance: $740K
  - Underwriter cost: $750K
  - Total: $1.5M
- Estimated issuance costs 0.45% of par amount of 2019 bonds

Next Steps

- June 28 – Board review and approval of Bond documents
- July 15 – Post Official Statement
- Week of July 22 – Marketing of Bonds
- Week of July 29 – Anticipated pricing
- Week of August 12 – Anticipated closing
2019 Bond Issuance:
Review of Draft Note Documents

Recommendation

The Board of Directors is asked to adopt Resolution No. 2019-25, authorizing the issuance of up to $335 million in bonds to advance implementation of the Mid-Coast Corridor Transit Project funding strategy; and the execution and distribution of the documents, in substantially the same form as attached.