



San Diego County Regional Transportation Commission

TransNet Proposed 2019 Series A and 2019 Series B Bond Issuance: Taxable and Tax-Exempt Refunding

Board of Directors Item 15 | November 22, 2019



2019 Bond Refunding Financing Team

- San Diego County Regional Transportation Commission
 - Hasan Ikhata, *Executive Director*
 - Andre Douzdjian, *Chief Financial Officer*
 - John Kirk, *General Counsel*
 - Ray Major, *Chief Economist*
 - Jose Nuncio, *TransNet Department Director*



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



- Bond and Disclosure Counsel, Norton Rose Fulbright US LLP
 - Victor Hsu, *Partner*

NORTON ROSE FULBRIGHT

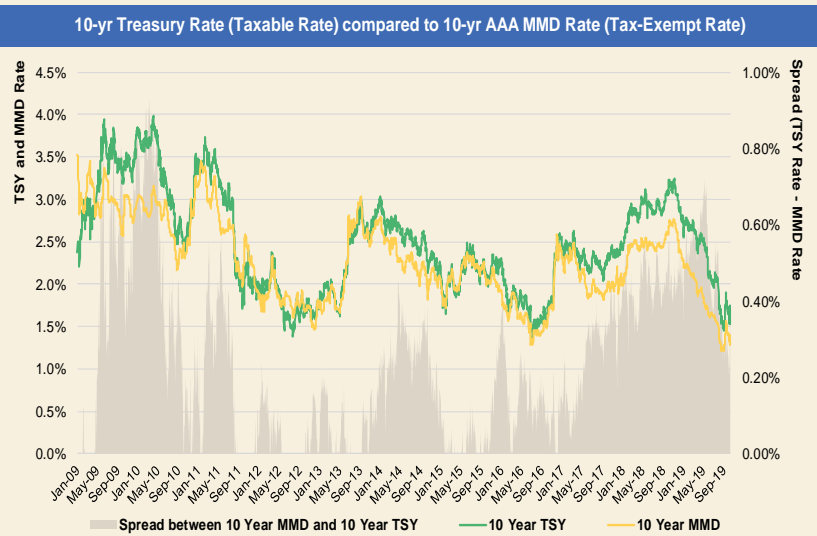
- Senior Underwriter, Goldman Sachs
 - Ruth Pan, *Director*



2019 Bond Refunding Presentation

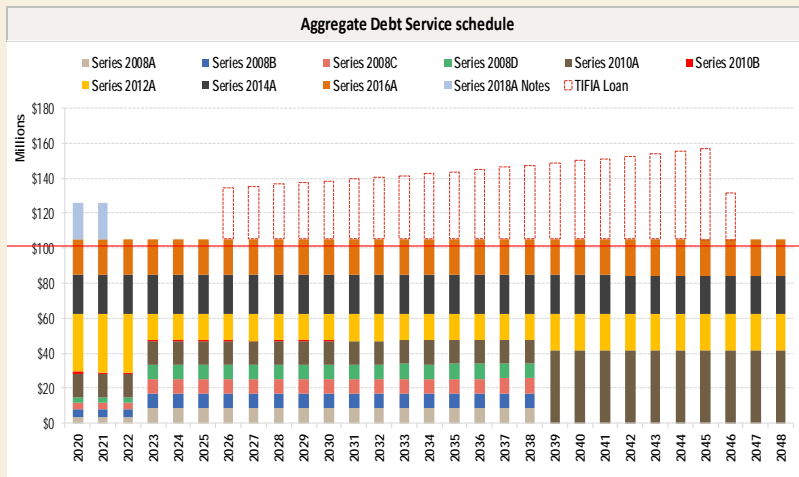
1. Why we are refunding some debt
2. Describe main components of debt issuance
3. Review various draft bond documents

Market Update



Debt Portfolio: Pre-2019 Refunding

Commission's debt portfolio contains a prudent mix of fixed-rate and synthetic fixed-rate debt and a level debt service structure for our senior lien bonds



Debt service calculated based on fixed-payer swap rate and excludes remarketing and liquidity fees; Net of federal subsidy

5 **SANDAG**

Refunding Opportunity

- SANDAG's refunding opportunities pertain to the Series 2012A and 2014A Bonds
- This is not an "all-or-nothing" opportunity
 - Strongest candidates in the 2014A Series may limit that refunded portion to \$35 million with \$7 million in cash flow savings

SANDAG Taxable Advance Refunding Candidates (\$000s)						
Series	Callable Par	Cashflow Savings	PV Savings (\$)	PV Savings (%)	Escrow Efficiency	Call Date
2012A	\$246,910	\$48,376	\$34,954	14.2%	80.3%	4/1/2022
2014A	301,700	34,185	29,107	9.6%	60.3%	4/1/2024
Total	\$548,610	\$82,561	\$64,061	11.7%	69.8%	

6 **SANDAG**

2019 Costs of Issuance

- Costs determined through competitive procurement process or negotiations
- Negotiated competitive costs for underwriting fees, similar or lower than comparable CA issuances
 - Costs of Issuance \$0.6M
 - Underwriter Cost \$1.0M
 - Total \$1.6M
- Estimated issuance costs 0.27% of par amount of 2019 Refunding Bonds

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Credit Rating Agency Reviews

- Current high credit ratings on SANDAG debt program
- Current ratings
 - Standard & Poor's: AAA
 - Fitch: AAA
 - Moody's: Aa2

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Financial Advisor Memo

(Attachment 1)

- Market Update
- 2019 Bond Refunding Structure
- Financial Considerations

Resolution

(Attachment 2)

- The Resolution authorizes issuance of the 2019 Refunding Bonds and approves the following documents
 - Official Statement
 - Eighth Supplemental Indenture
 - Bond Purchase Agreements
 - Continuing Disclosure Agreement
 - Invitation to Tender Bonds
- The Resolution also approves other actions and matters relating to the 2019 Bonds

Eighth Supplemental Indenture

(Attachment 3)

- Supplements the Master Indenture relating to SANDAG's senior revenue bonds
- Sets forth repayment and redemption provisions with respect to the 2019 refunding bonds
- Directs proceeds for deposit into an escrow account

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Preliminary Official Statement

(Attachment 4)

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

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Bond Purchase Agreements

(Attachment 5)

- Agreements by underwriters to purchase 2019 refunding bonds from SANDAG (one for taxable bonds and the other for tax-exempt bonds)
- Sets forth certain representations of SANDAG
- Identifies documents, opinions, and other requirements necessary to close the financing

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Continuing Disclosure Agreement

(Attachment 6)

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

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Invitation to Tender Bonds (Attachment 7)

- Incorporating a tender of select outstanding maturities into SANDAG's upcoming refunding can (1) improve PV savings, (2) increase number of bonds successfully refunded, and (3) optimize marketing between taxable and tax-exempt series

Catalogue of Blanks

(Attachment 8)

- Identifies items still pending in the draft bond documents

Next Steps

- **November 25, 2019**
Post preliminary official statement
- **Week of December 2, 2019**
Investor presentations
- **Week of December 9, 2019**
Anticipated pricing of bonds
- **Week of December 30, 2019**
Anticipated closing of bonds

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Recommendation

The Board of Directors, acting as the San Diego County Regional Transportation Commission (RTC), is asked to adopt Resolution No. RTC-2020-14, authorizing the refunding of certain outstanding bonds and the execution and distribution of the documents that are attached in substantially final form.

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San Diego County Regional Transportation Commission

TransNet Proposed 2019 Bond Issuance: New Debt to Support Completion of TransNet Regional Bikeway Program

Board of Directors Item 16 | November 22, 2019



2019 Bond New Debt Financing Team

- San Diego County Regional Transportation Commission
 - Hasan Ikhmeta, Executive Director
 - Andre Douzdjian, Chief Financial Officer
 - John Kirk, General Counsel
 - Ray Major, Chief Economist
 - Jose Nuncio, TransNet Department Director
 - Linda Culp, Principal Regional Planner



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



- Bond and Disclosure Counsel, Norton Rose Fulbright US LLP
 - Victor Hsu, Partner

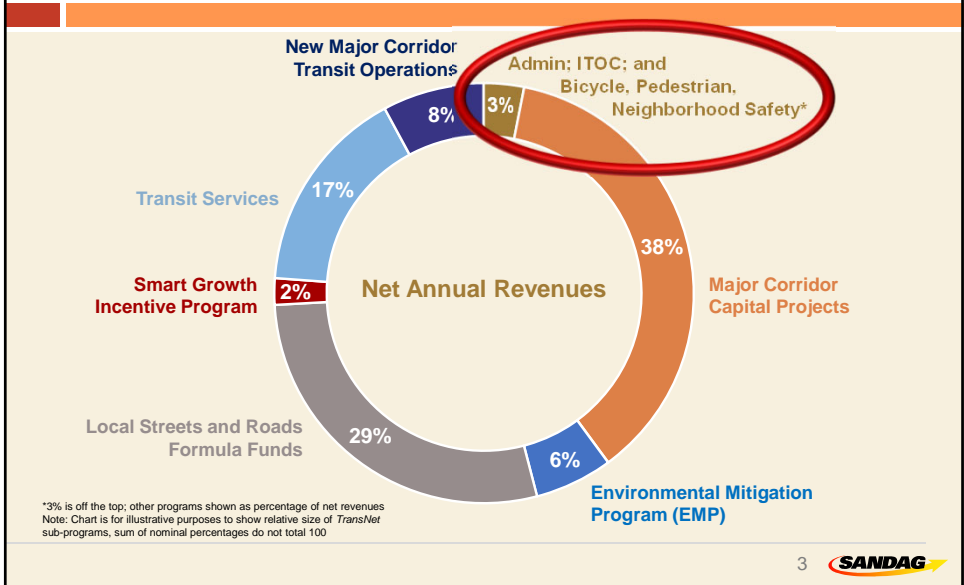


- Senior Underwriter, Goldman Sachs
 - Ruth Pan, Vice President



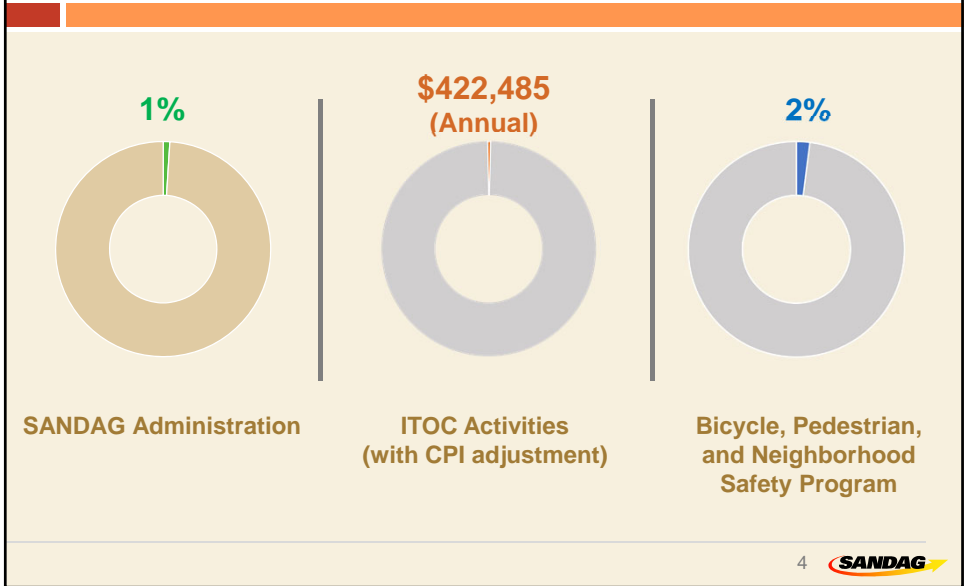
TransNet Extension

Flow of Funds – FY 2009 to FY 2048



TransNet Extension

Flow of Funds – FY 2009 to FY 2048





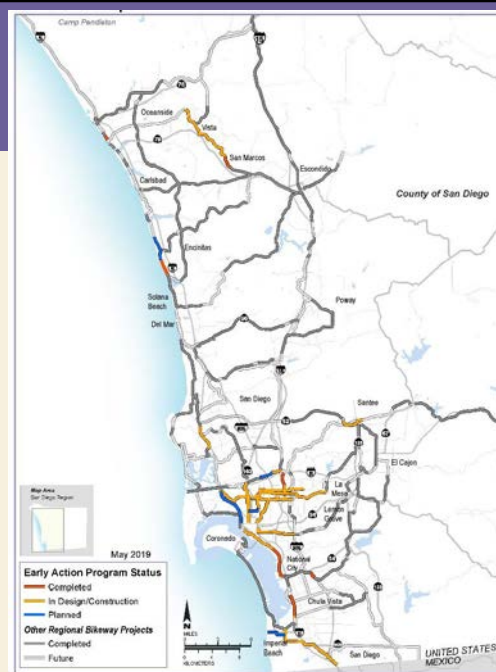
PROGRAM CONTEXT

- Board of Directors approved Regional Bike Plan in 2010
- With adoption of the 2011 Regional Plan, the Board made a major commitment to Active Transportation
- Bike Early Action Program adopted in 2013
- Partnership with local jurisdictions



EARLY ACTION PROGRAM

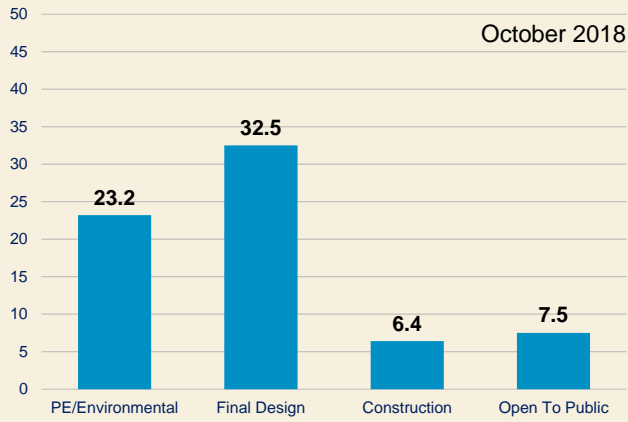
- \$200 million in primarily *TransNet* funds
- Builds 77 linear miles of bikeways
- 70 of 77 miles open or under development
- 8.8 miles open to date
- 3/4 in City of San Diego





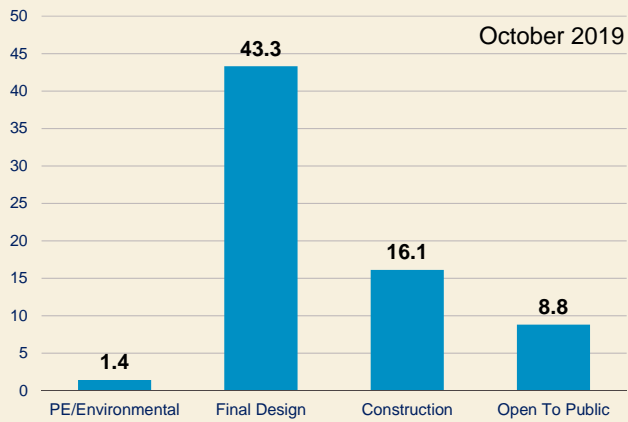
BIKEWAY PROGRAM STATUS

70 of 77 Miles Open or Under Development

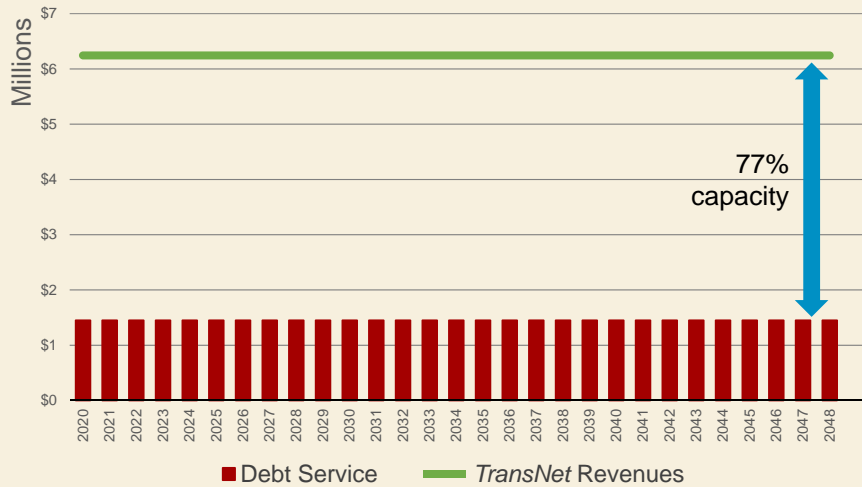


BIKEWAY PROGRAM STATUS

70 of 77 Miles Open or Under Development



Bike and Pedestrian Senior Lien Debt Service Coverage



2019 Costs of Issuance

	<u>New Debt</u>	<u>Refunding</u>	<u>Combined</u>
▪ Costs of Issuance*	\$ 600K	\$600K	\$600K
▪ Underwriter Cost	\$ 150K	\$990K	\$1,140K
▪ Total	\$ 750K	\$1,590K	\$1,740K
▪ Percent of Par Bonds	.83%	.27%	.25%

- Much more efficient and cost effective to combine the New Debt and Refunding Issuance

* Costs of issuance include fees to bond, disclosure and underwriter counsel, financial advisor, rating agencies, trustee, printing fees and travel costs

Recommendation

The Board of Directors, acting as the San Diego County Regional Transportation Commission (RTC), is asked to adopt Resolution No. RTC 2020-15, authorizing the issuance of up to \$90 million of fixed-rate tax-exempt bonds to support completion of the *TransNet* Regional Bikeway Program.