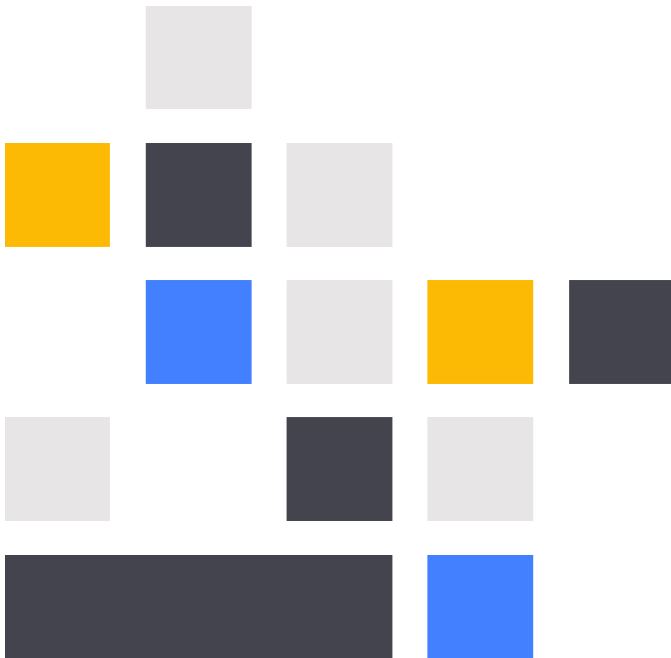


San Francisco Transbay Transit Center CFD 2014-1 Special Tax Bonds

Transbay Joint Powers Authority Tax Allocation Bonds

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE



April 16, 2020

City & County of San Francisco Controller's Office
Transbay Joint Powers Authority

Presentation Overview

- Presenters
 - Anna Van Degna, Director,
Controller's Office of Public Finance
 - Erin Roseman, CFO
Transbay Joint Powers Authority
- Transbay Program Background
 - Transbay Joint Powers Authority
 - Historic Milestones
- Proposed Bond Resolutions
- Plan of Finance for Proposed Bonds
 - Sources and Uses of Funds
 - Bond Financing Terms
- Anticipated Financing Schedule



Transbay Program Background

TJPA OVERVIEW

The Transbay Joint Powers Authority (“TJPA”) was created in 2001 to oversee the planning, design, construction and operation of a new Transit Center (the “Transbay Program”)

- TJPA Members include:
 - City and County of San Francisco (City)
 - Alameda-Contra Costa Transit District (AC Transit)
 - Peninsula Corridor Joint Powers Board (Caltrain)
 - California High Speed Rail Authority (CHSRA)
 - California Department of Transportation (Caltrans)



Transbay Program Background

TJPA OVERVIEW

TJPA manages and implements the Transbay Program, which consists of:

- Replacing the former Transbay Terminal at First and Mission streets
- Extending Caltrain and California High-Speed Rail underground from Caltrain's current terminus at 4th and King streets into the new downtown Salesforce Transit Center
- Creating a new neighborhood with homes, offices, parks and shops surrounding the new transit center



Transbay Program Background

HISTORIC MILESTONES FOR THE TRANSBAY PROGRAM

- **2005** - Transbay Redevelopment Plan and Project Area established to redevelop approximately 10 acres of previously State-owned property
- **2008** - Pledge Agreement executed between the City, the Redevelopment Agency (now Office of Community Investment & Infrastructure) and TJPA to provide funding for the Transbay Program
- **2009** – the City approved TJPA’s \$171M loan under the Transportation Infrastructure Finance and Innovation Act (“TIFIA”)
- **2012** – the City adopted the Transit Center District Plan
- **2015** – the City approved the formation of the Transbay Transit Center Community Facilities District (“CFD”) and the levy of special taxes to support the future issuance of up to \$1.4B in special tax bonds
- **2016** – City approved up to \$260M short-term financing (“City Financing”), in partnership with MTC, to cover a funding gap for Phase 1 of the Transbay Program
- **2017 and 2018** – City approved the first and second issuances of CFD special tax bonds to fund the Transbay Program



Transbay Program Background

FUNDING SOURCES

Funding for the design and construction of the Transbay Transit Center has been provided by a variety of federal, state and local revenues, including:

- *Special taxes* levied in the district pay debt service for CFD special tax bonds
 - TJPA has received \$291.6M from the 2017 CFD and 2019 CFD special tax bond issues
- *Tax increment* generated in the project area pays debt service for financings (TIFIA Loan/City Financing)



Proposed Bond Resolutions

SPECIAL TAX BOND RESOLUTION

- Authorizes the issuance of up to \$90M of special tax bonds by the City & County of San Francisco Community Facilities District (“CFD”) No. 2014-1 (Transbay Transit Center)

TAX ALLOCATION BOND RESOLUTION

- Authorizes the issuance of up to \$315M of tax allocation bonds by the Transbay Joint Powers Authority, as required under govt code Sections 6586 and 6586.5



Plan of Finance for Proposed Bonds

PROPOSED 2020 CFD AND TJPA BOND ISSUANCES

CFD special tax bonds and TJPA tax allocation bonds estimated use of proceeds:

- \$76M - payoff City Financing
- \$182M - refinance TIFIA Loan to achieve debt service savings
- \$115M - provide new money proceeds for Transit Center needs, including costs for design, construction, including, but not limited to, payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities, tenant improvements, and program and capital reserves
- \$29M – fund bond issuance costs, capitalized interest, and debt service reserves



Estimated Sources and Uses – CFD and TJPA Bonds

Estimated Sources:

2020 Bond Proceeds ⁽¹⁾	\$402,080,000
-----------------------------------	---------------

Estimated Uses⁽²⁾:

City Financing Redemption ⁽³⁾	\$76,000,000
TIFIA Refinancing	\$181,800,000
Tenant Improvements ⁽⁴⁾	\$50,500,000
Phase 1 Programmed Tenant Improvements (<i>Moved to Separate Budget</i>)	\$35,500,000
Tenant Improvements Contingency	\$15,000,000
Program Reserve to Restore Phase 1 Contingency	\$35,500,000
Capital Replacement Reserve ⁽⁵⁾	\$29,000,000
Bond Financing Costs ⁽⁶⁾	\$29,280,000
Total Estimated Uses	\$402,080,000

Notes:

- (1) Estimated aggregate proceeds for the CFD Bonds and TJPA Tax Allocation Bonds.
- (2) May include, but not limited to, payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities.
- (3) The CFD Bonds proceeds are expected to payoff the City Financing; following funding swaps all CFD proceeds will have been programmed to fund or reimburse eligible improvements (Trainbox and Rooftop Park).
- (4) Tenant Improvements of \$50.5 million recorded outside of Phase 1 budget; \$35.5 million moved to that separate budget to allow for balanced Phase 1 Budget with Program Reserve. Tenant Improvements Contingency will be added to the separate budget as well.
- (5) Capital Reserve for ongoing capital expenses related to the Transbay facility.
- (6) Includes debt service reserve fund, capitalized interest (CFD bonds) and costs of issuance.



Estimated Sources and Uses - CFD Special Tax Bonds

ESTIMATED FINANCING TERMS

- Not to exceed par amount of \$90.0M
- Final Maturity of September 1, 2050
- Estimated True Interest Cost: 4.39%
- Estimated Bond Proceeds: \$76.0M
- Estimated Financing Costs: \$1.2M
- Estimated Total Debt Service: \$158.0M

SOURCES AND USES

Sources:

Par Amount	\$83,380,000
Total Sources	\$83,380,000

Uses:

City Financing Payoff	\$76,000,000
Other Fund Deposits	
Debt Service Reserve Fund	\$5,775,321
Capitalized Interest Fund	\$363,870
Delivery Date Expenses	
Cost of Issuance	\$853,926
Underwriter's Discount	\$386,883
Total Uses	\$83,380,000
<i>Reserve for Market Uncertainty</i>	<i>\$6,620,000</i>
Not-to-Exceed Par Amount	\$90,000,000

Source: Stifel Nicolaus & Co



Estimated Sources and Uses - TJPA Tax Allocation Bonds

ESTIMATED FINANCING TERMS

- Not to exceed par amount of \$315.0M
- Final Maturity of October 1, 2049
- Estimated True Interest Cost: 3.86%
- Estimated Bond Proceeds: \$296.8M
- Estimated Financing Costs: \$3.3M
- Estimated Total Debt Service: \$537.8M

SOURCES AND USES

Sources:

Par Amount	\$298,605,000
Premium	20,088,084
Total Sources	\$318,693,084

Uses:

Project Fund Deposits	
TIFIA Loan Refinancing	\$181,817,246
Tenant Improvements	50,500,000
Phase 1 Program Reserve	35,500,000
Capital Replacement Reserve*	29,000,000
Other Fund Deposits	
Debt Service Reserve Fund	18,584,000
Delivery Date Expenses	
Cost of Issuance	1,649,511
Underwriter's Discount	1,642,328
Total Uses	\$318,693,084
Not-to-Exceed Par Amount	\$315,000,000

*Not-to-exceed amount is \$40 million.

Source: Sperry Capital



Anticipated Financing Timeline

MILESTONES

DATES*

- Introduction to the Board of Supervisors - CFD & TJPA Resolutions March 24, 2020
- Government Audit & Oversight Committee – CFD & TJPA Resolutions April 16, 2020
- Capital Planning Committee – CFD & TJPA Resolutions April 20, 2020
- Board of Supervisors Considers Approval – CFD & TJPA Resolutions April 21, 2020
- Sale and Closing of CFD Bonds & TJPA Bonds May/June 2020

*Please note that dates are estimated unless otherwise noted.

