

Measure R TIFIA Loan Refinancing

Finance, Budget and Audit Committee
April 15, 2020

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Existing TIFIA* Loan Summary

- Direct Loan with U.S. Department of Transportation
- Low-cost, project-specific financing of four major Metro projects

TIFIA Loans (repaid from Measure R) (in millions) (as of March 1, 2020)					
Project	Interest Rate	Loan Amount	Drawn to Date	Undrawn	Final Maturity
Crenshaw/LAX	2.43%	\$545.9	\$545.9	-	FY2034
Regional Connector	3.50%	160.0	141.9	\$18.1	FY2036
Westside Section 1	3.23%	856.0	642.6	213.4	FY2037
Westside Section 2	2.90%	307.0	307.0		FY2037
Grand Total		\$1,868.9	\$1,637.4	\$231.5	

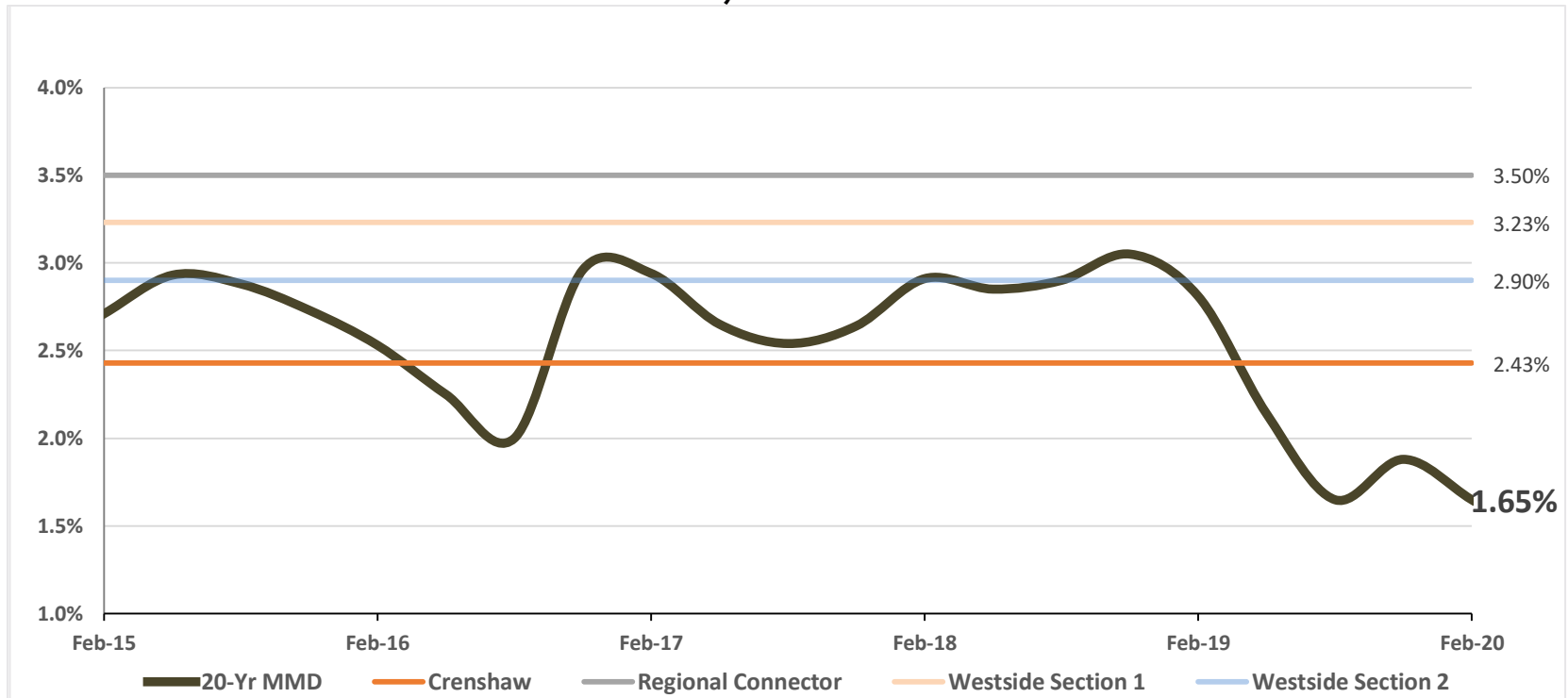


* Transportation Infrastructure Finance and Innovation Act

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Historical 20-YR MMD* vs. TIFIA Interest Rates

February 2015-Present



* Municipal Market Data rate (interest rate)

The current interest rate environment presents Metro the opportunity to achieve meaningful savings.



Metro

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Summary of Estimated Refinancing Results

<u>Outstanding TIFIA Loans</u>	Crenshaw	Regional Connector	Westside 1	Westside 2	Total
Initial TIFIA Amount (\$)	\$545,900,000	\$160,000,000	\$856,000,000	\$307,000,000	\$1,868,900,000
Outstanding Balance to be Refunded (\$)*	\$608,382,850	\$169,657,333	\$874,243,556	\$316,453,805	\$1,968,737,544
Initial TIFIA Rate (%)	2.43%	3.50%	3.23%	2.90%	--
<u>Projected Refinancing Results</u>					
Refinancing Bond Par Amount	\$484,615,000	\$105,915,000	\$633,345,000	\$231,175,000	\$1,455,050,000
Escrow Deposit	\$607,388,102	\$153,892,824	\$670,027,455	\$320,089,262	\$1,751,397,643
All -In TIC	1.83%	2.11%	2.21%	2.10%	2.06%
NPV Savings (\$)	\$42,139,472	\$18,860,263	\$86,221,668	\$25,652,082	\$172,873,485
NPV Savings (%)	6.93%	11.12%	9.86%	8.11%	8.78%

- Crenshaw/LAX portion of refinancing will be self-certified Green Bonds
- Baseline MMD AAA index as of 01/29/2020 plus credit spread of 10bps
- Refinancing all four loans can result approximately \$172.8 million of present value savings on Junior Subordinate Lien



*Balance = (Loan Amount + Capitalized Interest) + (Undrawn Amount)

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Recommendation:

- A. Adopt a resolution authorizing the negotiated sale of up to \$1.75 billion of Measure R Bonds;
- B. Establish an underwriter pool for all future negotiated debt issues through June 30, 2024; and
- C. Appoint the underwriter team selected for the Refunding Bonds from the underwriter pool.

Next Steps:

- Obtain credit ratings on the bonds
- Complete legal documentation and initiate the pre-marketing effort
- Price the bonds

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Discussion