

Measure R TIFIA Loan Refinancing

Finance, Budget and Audit Committee
March 18, 2020

Measure R TIFIA Loan Refinancing

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 | |

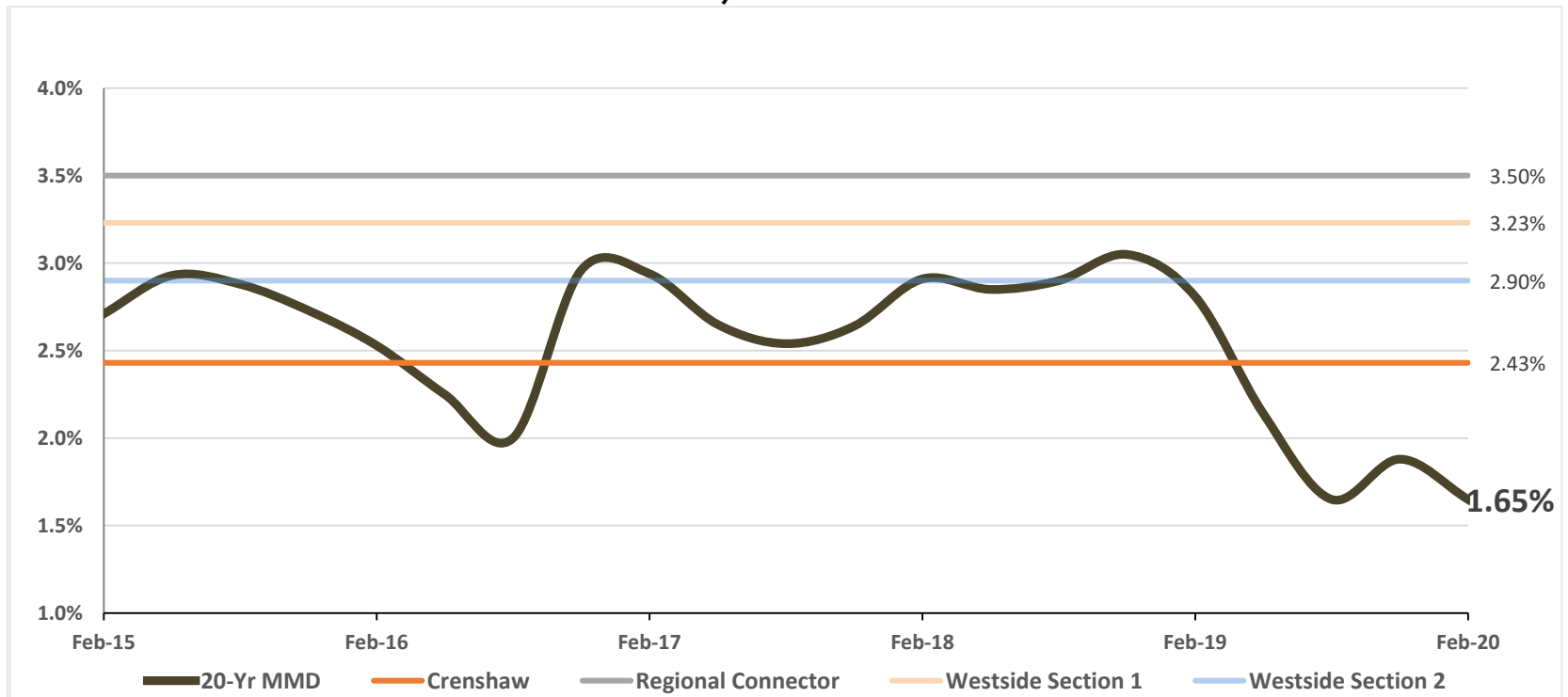


* Transportation Infrastructure Finance and Innovation Act

Measure R TIFIA Loan Refinancing

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

Measure R TIFIA Loan Refinancing

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)

Measure R TIFIA Loan Refinancing

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

Measure R TIFIA Loan Refinancing

Discussion