



Measure R Sales Tax: 2026 Bond Financing

**Measure R Independent Taxpayers
Oversight Committee Meeting
March 9, 2026**



Measure R 2026 Bond Financing

Bond Financing

Seeking a Finding of Benefit for a \$585 million bond issuance to:

- Reimburse incurred expenses
- Pay upcoming capital project financing costs
- Tax-exempt fixed-rate bonds with a final maturity expected to be 2039
- Sale in April of 2026
- Bond issue will conform to the guidelines established by Metro's Board approved Debt Policy

Form of Liquidity Management

- Metro's liquidity relies heavily on sales tax, reimbursement-based grants, and reimbursements from bond proceeds
- Metro must pay project costs upfront and seek reimbursement later
- Without sufficient liquidity, Metro will be faced with operational inefficiencies and forced to delay future projects until enough funds accumulate to continue on a pay-as-you-go basis
- This may result in higher total project costs due to inflation and rising construction expenses

Benefits

Benefits of Measure R Bonds Financing

- Align useful life of project with expense of debt and prevent the misalignment of short-term cash demands with long-term assets
- Replenish short-term borrowing capacity and manage future funding for projects
- Take advantage of the difference in tax-exempt borrowing rates and investment yields to reduce overall borrowing costs or improve financial efficiency

Current Investment Rate Exceed Financing Cost

Investment Opportunities for Excess Cash	
1-Month US Treasury Rate ¹	3.69%
3-Month US Treasury Rate ¹	3.68%
6-Month US Treasury Rate ¹	3.65%
1-Year US Treasury Rate ¹	3.49%
Metro External Portfolio Managers ²	3.80%
Projected Tax-Exempt Bonds Financing Cost	
Measure R Tax-Exempt Bond Financing ³	2.39%

¹Rates as of February 4, 2026

²Yield to Maturity at Market as of December 31, 2025

³Preliminary Financing Cost as of January 12, 2026

Recommendation & Next Steps

- Adopt a Resolution finding that the benefits of a New Money Measure R Bonds financing accelerating project delivery and avoiding future cost escalation exceeds issuance and interest costs.
- Next Steps:
 - Request authorization from Metro Board for the New Money and Refunding Bonds issuance
 - Obtain ratings on the New Money and Refunding Bonds
 - Complete legal documentation, distribute the preliminary official statement to potential investors, and initiate pre-marketing efforts
 - Negotiate the sale of the New Money and Refunding Bonds with the underwriters
 - Price and deliver the New Money and Refunding Bonds in April of 2026