Measure RR – Financing Plan 2021

• Replace the 2019 revolving credit agreements with two new revolving credit agreements secured by a subordinate pledge of Measure RR sales tax revenues

• If market conditions allow, advance refund $47,635,000 principal amount of PCJPB Farebox Revenues Bonds, 2019 Series A

• Issue “new money” Measure RR secured bonds, payable from proceeds of sale from Low Carbon Fuel Standards credits

• Re-approval of PCJPB’s Debt Policy
Revolving Credit Agreements

- In 2016, the JPB entered into a revolving credit agreement with JP Morgan, secured by a subordinate pledge of farebox revenue, in the amount of $150 million to finance certain capital costs associated with the PCEP project;

- The amount of the 2016 credit agreement was increased to $170 million and JPB entered into a separate agreement to fund certain working capital needs;

- Proposing to replace with two new $100 million revolving credit agreements with Wells Fargo, secured by a subordinate pledge of Measure RR revenue.
## Potential Savings

Assuming 50% average utilization of both Facilities, the JPB would save approximately $2,500,000 per year

<table>
<thead>
<tr>
<th></th>
<th>New Facilities*</th>
<th>Existing Facilities</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standby/Unused Fee</td>
<td>0.23%</td>
<td>0.60%</td>
<td>0.37%</td>
</tr>
<tr>
<td>Tax-Exempt Index</td>
<td>80% of 1 Month</td>
<td>1 Month LIBOR</td>
<td>20% of 1 Month LIBOR</td>
</tr>
<tr>
<td></td>
<td>LIBOR or SOFR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax-Exempt Margin</td>
<td>0.29% (LIBOR)</td>
<td>2.20%</td>
<td>1.91%</td>
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<tr>
<td>Taxable Index</td>
<td>1 Month LIBOR</td>
<td>1 Month LIBOR</td>
<td></td>
</tr>
<tr>
<td>or SOFR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable Margin</td>
<td>0.40% (LIBOR)</td>
<td>2.75%</td>
<td>2.35%</td>
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</tbody>
</table>

* For 3-year facility.
“New Money” Measure RR Secured Bonds (PCEP)

- Bond proceeds to be used to fund portion of project funding shortfall
- Likely to be sold as fixed rate bonds
- Structured for flexible amortization/short call structures (to take advantage of flows of LCFS related revenue)
- Structured to mitigate potential reliance on Measure RR funds as a source of payment (as opposed to serving as security)
Refinancing of 2019 PCJPB Farebox Revenue Bonds, Series A

- In 2019, PCJPB issued farebox revenue bonds in the amount of $47,635,000; these bonds were issued to:
  - Refinance 2007 and 2015 farebox revenue bonds
  - And, acquire certain real property that PCJPB has previously been leasing

- The farebox pledge refers to the amounts generated and collected in connection with the operation of Caltrain, including passenger fares, parking, shuttle and pass revenues, and other revenues from operations.

- Currently, PCJPB cannot refinance the 2019 Farebox Bonds for savings but wishes to remain opportunistic in the event that savings can be realized.
Recommendation

- Authorize staff to proceed with the replacement of 2019 Credit Agreements with two new revolving credit agreements in the amounts of $100,000,000 for PCEP and $100,000,000 for Working Capital

- Authorize staff to proceed with the refinancing, if economic, the 2019 Bonds with Measure RR sales tax secured revenue bonds

- Authorize staff to proceed with securing “new money” bond proceeds to address PCEP funding

- Re-Authorize PCJPB’s debt policy that was previously adopted on August 2, 2018.
Next Steps

• June:
  • VTA authorization of lines of credit
  • SFMTA recommendation of financing plan

• July:
  • San Francisco Board of Supervisors authorization of financing plan
  • SMCTD authorization of financing plan

• August:
  • JPB approval of indenture, lines of credit
  • VTA authorization of PCEP bonds and refinancing
  • “Closing” of new lines of credit