

Overview of Grant Anticipation Financing BART Replacement Railcar Financing

Bay Area Infrastructure Financing Authority

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METROPOLITAN
TRANSPORTATION
COMMISSION

San Francisco Bay Area Transit Funding Context

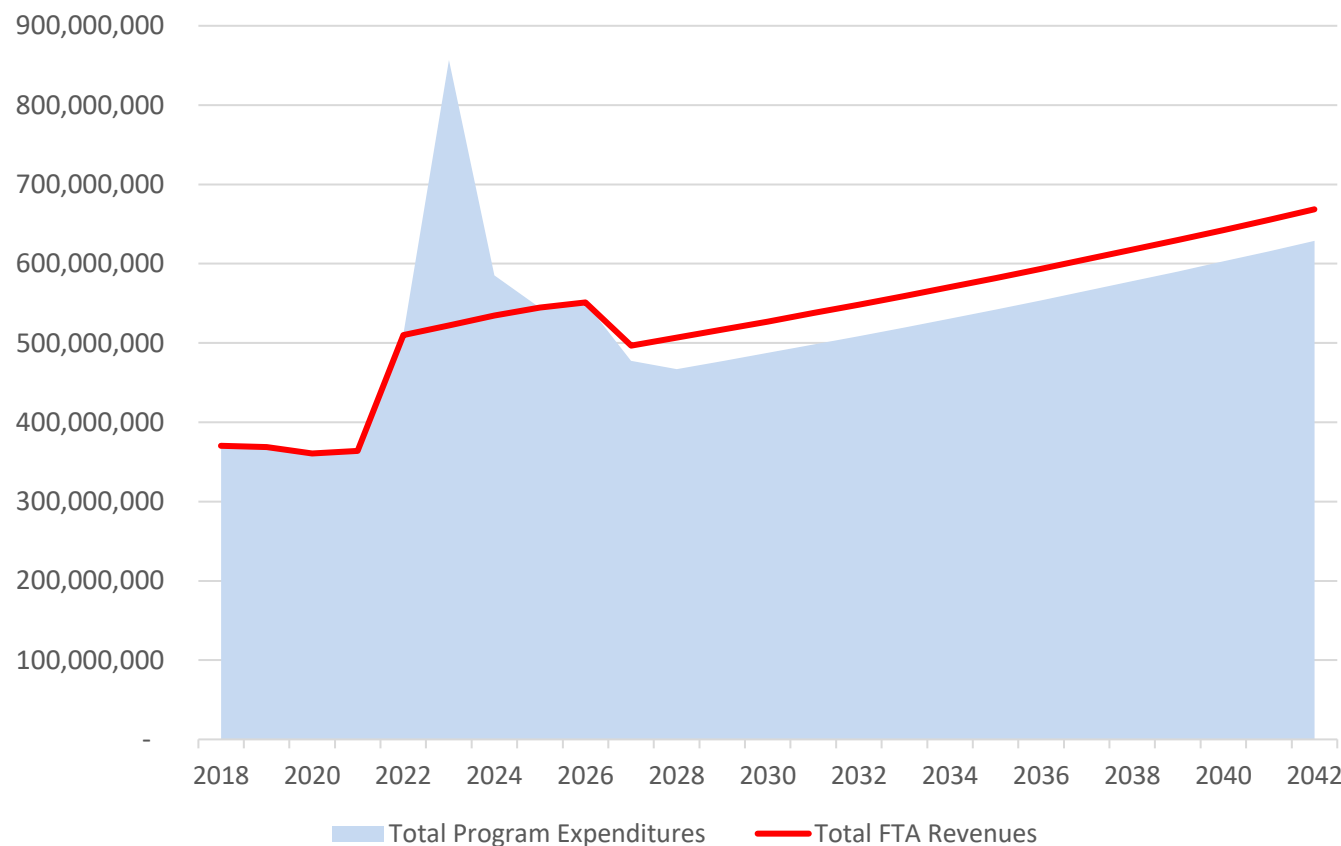
MTC is committed to investment in State of Good Repair and Capacity Expansion

- Regional transit operator capital needs exceed available funding in the near-term
- Regional MPO is working with operators on delivering projects faster than FTA Formula grant funds can pay for them
 - Timely project delivery will require intermediate funding or projects will be delayed
 - Project delays result in project cost inflation

FYs 2023 and 2024 TCP Programming Need vs. Apportionments (\$ in millions)

	FY 2023	FY 2024	Total
FTA Apportionments*	\$ 522	\$ 535	\$ 1,057
BART Railcar Replacements	\$ 392	\$ 34	\$ 426
SFMTA Light Rail Vehicles	\$ 116	\$ 157	\$ 273
Samtrans Bus Procurements	\$ 36	\$ 59	\$ 95
AC Transit Bus Procurements	\$ 19	\$ 11	\$ 30
GGBHTD Ferry Replacement	\$ 4	\$ 12	\$ 16
Fixed Guideway State of Good Repair	\$ 115	\$ 130	\$ 246
Other (ADA, ZEB, PM, Other Vehicles)	\$ 194	\$ 156	\$ 350
Total Programming Need	\$ 877	\$ 558	\$ 1,435
<i>Delta (Financing Need)**</i>	<i>\$ 355</i>	<i>\$ 24</i>	<i>\$ 379</i>

Regional Transit Project Needs and Expected FTA Grant Revenue



*BART-eligible UZAs

**Depending on apportionments, BART Railcar Replacement project needs, and other regional needs, additional financing could be required to meet BART Railcar Replacement project needs in FY2025 through 2028.

Financing can advance future FTA formula funds to meet funding needs and expedite project delivery

- Accelerate delivery of the Transit Capital Priorities and optimize timing of project funding
- Allow for funding of large projects while not deferring other critical needs
- Provide cost-effective funding

MTC's roles allow it to program and allocate federal grant receipts for debt service

- Proposed structure utilizes elements previously approved by FTA and currently leveraged by many major transit agencies
- In the future, structure could be utilized by MTC as needed to advance other transit operator projects
- Obligations secured by FTA Formula Funds programmed by MTC in its role as Designated Recipient

Proposed Financing would address BART Rail Car Replacement Project

- Project is the largest near-term Bay Area transit vehicle replacement project and a critical need
- BART is eligible for §5307 and §5337 grants in multiple urbanized areas creating the largest “bucket” of direct funding to securitize and provide high levels of debt repayment coverage (allowing for more cost-effective borrowing)
- Financing structure will utilize a short-term bank revolving line of credit with a future fixed-rate takeout
- Flexibility to establish broad regional financing program in the future

BART Replacement Railcar Financing

- Replacement of 775 railcars at a cost of approximately \$1 billion
- Currently almost 600 cars are in service
- MTC holds an FTA Letter of No Prejudice for this project, making debt service costs eligible for reimbursement from FTA formula funds
- BART remains the direct recipient responsible for project delivery



Issuer

Bay Area Infrastructure Financing Authority (BAIFA)

Key Documents

Letter of No Prejudice (FTA to MTC)

- Allows for Project to be eligible for Advance Construction
- Outlines terms/conditions under which debt service is an eligible expense for formula grants

Regional Transit Project Funding Agreement (BAIFA and MTC)

- Obligates MTC to set Programmed FTA Formula Funds to debt service first before any funds are programmed for projects

Project Funding Tax & Regulatory Agreement (BART and MTC)

- Obligates BART to fulfill all terms/conditions of each grant agreement and the Letter of No Prejudice
- Obligates BART to take actions/refrain from actions to ensure tax-exempt status of obligations

Credit Agreement (BAIFA and Bank of America N. A.)

- Documents the terms of the loan
- Includes interest rates, fees, prepayment terms, and maturity

Security Pledges

MTC

- MTC will program first dollars to debt service
- Creates coverage based on total apportionments for all four Urbanized Areas
- Remainder of FTA Formula Funds in excess of debt service will be programmed to projects

BART

- A covenant to comply with Project Funding Tax & Regulatory Agreement and maintain FTA grant eligibility

BAIFA

- Submit invoice to MTC equal to BAIFA Obligation debt service
- No commitment of any other funds (unless otherwise previously pledged to debt holders)