



Peninsula Corridor Joint Powers Board

Measure RR Sales Tax Revenue Bonds, 2022 Series A (Green Bonds)

Item #5 / 2022

Summary

- JPB staff is seeking final approval for a sale of \$140 million Measure RR Sales Tax Revenue Bonds, 2022 Series A
 - Inaugural senior lien issue
 - JPB's first issuance of Green Bonds
 - Purpose: to fund a portion of Peninsula Corridor Electrification Project (PCEP) costs

- Credit Highlights
 - 1/8th cent sales tax across its service counties of Santa Clara, San Mateo and San Francisco (collection commenced on 7/1/21)
 - Projected MADS coverage of 11.0x based on projected FY 2022 sales tax revenues
 - Exceptional demographics of the service area: diverse and dynamic tax base/high wealth levels
 - Minimal additional bonding expected as Measure RR is to be used primarily to support operations and SOGR
 - Gross pledge of Measure RR sales tax revenues with Trustee intercept

Financing Team

- **Municipal Advisors:** Ross Financial and Public Financial Management
- **Bond & Disclosure Counsel:** Nixon Peabody LLP
- **Senior Manager:** J.P. Morgan
- **Co-Senior Manager:** Wells Fargo

Additional Financial Matters

■ Indebtedness

- Upon the issuance, The Series 2022 bonds will be the only Senior Lien Obligations outstanding
- The JPB has two \$100 million credit facilities (executed in August 2021) which are secured by the Measure RR sales tax as Subordinate Obligations.
 - One is for the capital program and the other is for working capital
 - Currently, the JPB has drawn \$60.2 million and \$35.5 million, respectively, on the two facilities
 - Subordinate Additional Bonds Test of 1.5x
 - No additional subordinate or sub lien obligation anticipated in the future
- The JPB also has \$52.8 million of the Series 2019A Farebox Revenue Bonds still outstanding, secured by a gross farebox lien

■ Liquidity & Reserves

- The JPB continues to maintain appropriate liquidity to meet the ongoing needs of the enterprise
- The JPB finished FY21 with \$71.1 million in unrestricted assets not including the \$200 million in available credit facilities
- \$188.5 million in awarded Federal Relief funds to date

PCEP Project Sources & Uses

Funding Sources	
Previously Secured Funding	
Federal	\$977,676,000
State	\$741,000,000
Regional	\$59,430,000
Local	\$202,146,533
New Additional Funding	
Federal ARPA CIG Grant	\$52,400,000
Measure RR Bond Proceeds	\$150,000,000
Measure RR Pay Go	\$60,000,000
Remaining Funding Need	
Potential Federal/State/Local	\$200,038,163
Total Funding Sources	\$2,442,690,696

Funding Uses	
Electrification	\$1,749,139,438
Electric Multiple Units Trains (EMU)	\$693,551,258
Total Funding Uses	\$2,442,690,696



Financing Objectives and Security Structure

- Proceeds from the 2022 Bonds will be used to:
 - Finance costs associated with the PCEP Project
 - Fund capitalized interest until commencement of electrification revenue service
- The 2022 Bonds are limited obligations of the JPB, payable from and secured solely by a gross pledge of 2020 Measure RR Sales Tax revenue
- Collection of the Sales Tax is administered by the California Department of Tax and Fee Administration which is required to remit the Sales Tax directly to the Trustee to satisfy the JPB's obligations with the respect to the Series 2022 bonds
- The additional bonds test specifies Revenue in 12 of the previous 18 months must be at least equal to 2.0x Maximum Annual Debt Service on all Senior Lien Bonds
- No Debt Service Reserve Fund
- Limited additional bonding expected as Measure RR is primarily dedicated to fund operational needs of Caltrain (including state of good repair) – ensuring strong debt service coverage through maturity

Preliminary Sources & Uses and Debt Service*

- Assuming FY 2022 forecasted Measure RR Revenues, MADS coverage of greater than 11.0x expected
- Maximum annual debt service is expected to be approximately \$9.5 million
- Principal payments on June 1, interest payments on June 1 and December 1
 - First coupon payment on June 1, 2022
 - First maturity on June 1, 2026
 - Final maturity on June 1, 2051
- Interest capitalized for 3 years until commencement of electrification revenue service

Sources of Funds*

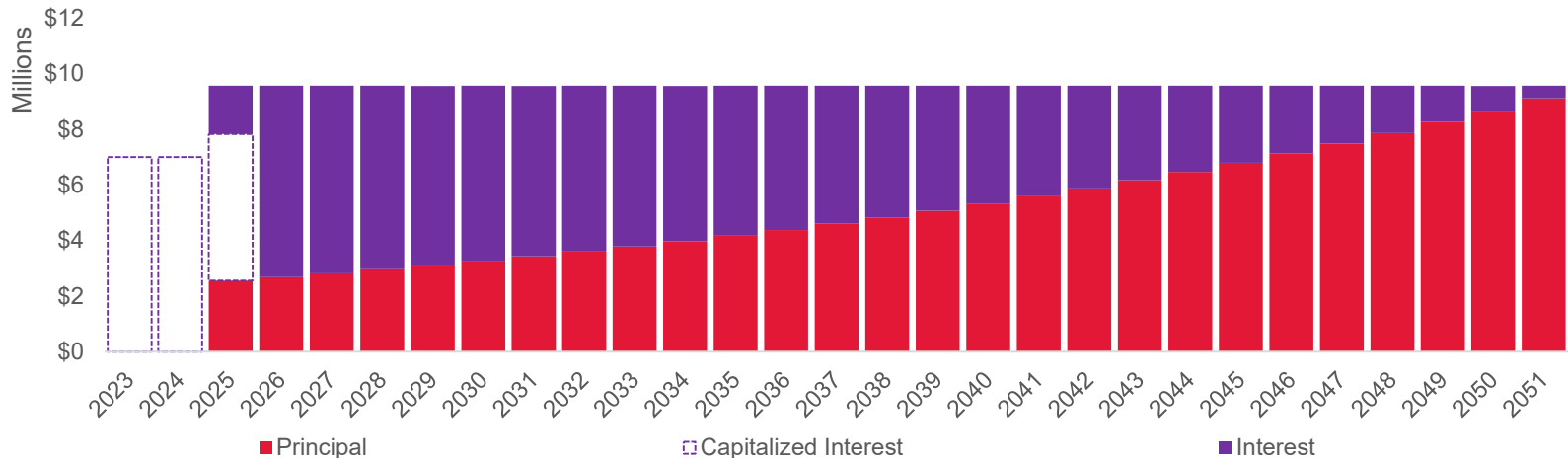
Par Amount	\$140,000,000
Premium	37,578,015
Total	\$177,578,015

Uses of Funds*

PCEP Project	\$155,725,015
Capitalized Interest	21,000,000
Costs of Issuance	850,000
Total	\$177,578,015

*Preliminary, subject to change.

Preliminary Debt Service Schedule*



*Preliminary, subject to change.

The 2022 Series A Bonds Will Include a Green Designation

- The inaugural issuance of Measure RR Sales Tax Bonds will be the JPB's first Green Bond issuance
- The primary purpose of Caltrain electrification is to improve Caltrain system performance and curtail long-term environmental impacts by:
 - Reducing noise
 - Improving regional air quality
 - Lowering greenhouse gas emissions
- An outside party (to be selected) will review the use of proceeds of the bonds and provide a certification on the Green nature of the electrification program
- Upon completion of the program and start of electrified service, Caltrain will also apply to the State's Low Carbon Fuel Standard credit program which will provide a meaningful source of new revenue to the JPB in recognition of its conversion away from diesel as a fuel source

Financing Schedule*

January							February							March						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1			1	2	3	4	5			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26
23/30	24/31	25	26	27	28	29	27	28						27	28	29	30	31		

Financing Timeline

Rating Meetings

Wednesday, January 19

Receive Credit Ratings

Wednesday, February 2

Post Preliminary Official Statement

Monday, February 7

Pricing

Week of February 14

Closing

Wednesday, March 2

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