

# Contra Costa Transportation Authority

## **Sales Tax Revenue Bonds Refunding Bonds, Series 2025A**



CONTRA COSTA  
transportation  
authority



# Action Items

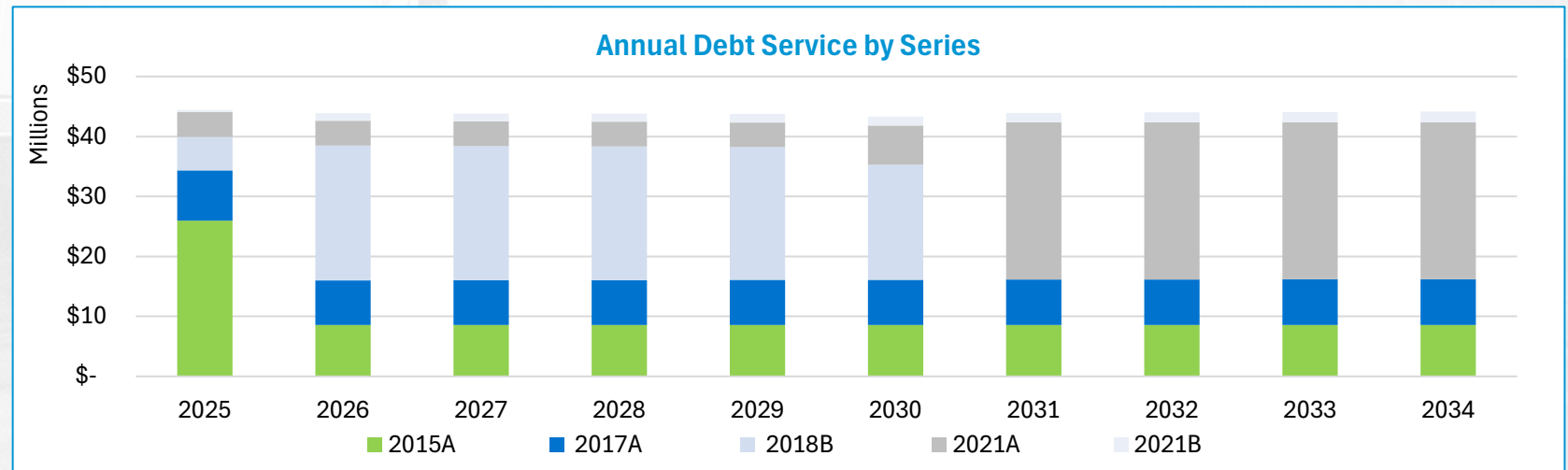
- Approval to Refinance the Series 2015A Bonds to Achieve Debt Service Savings
- Authorizing the Issuance of Approximately \$65 Million Contra Costa Transportation Authority Sales Tax Revenue Bonds, Refunding Bonds Series 2025A (the 2025A Bonds)
- Authorizing the Execution and Delivery of Related Documents, and Authorizing the Taking of All Necessary Actions Thereto



# Background: CCTA Bond Program

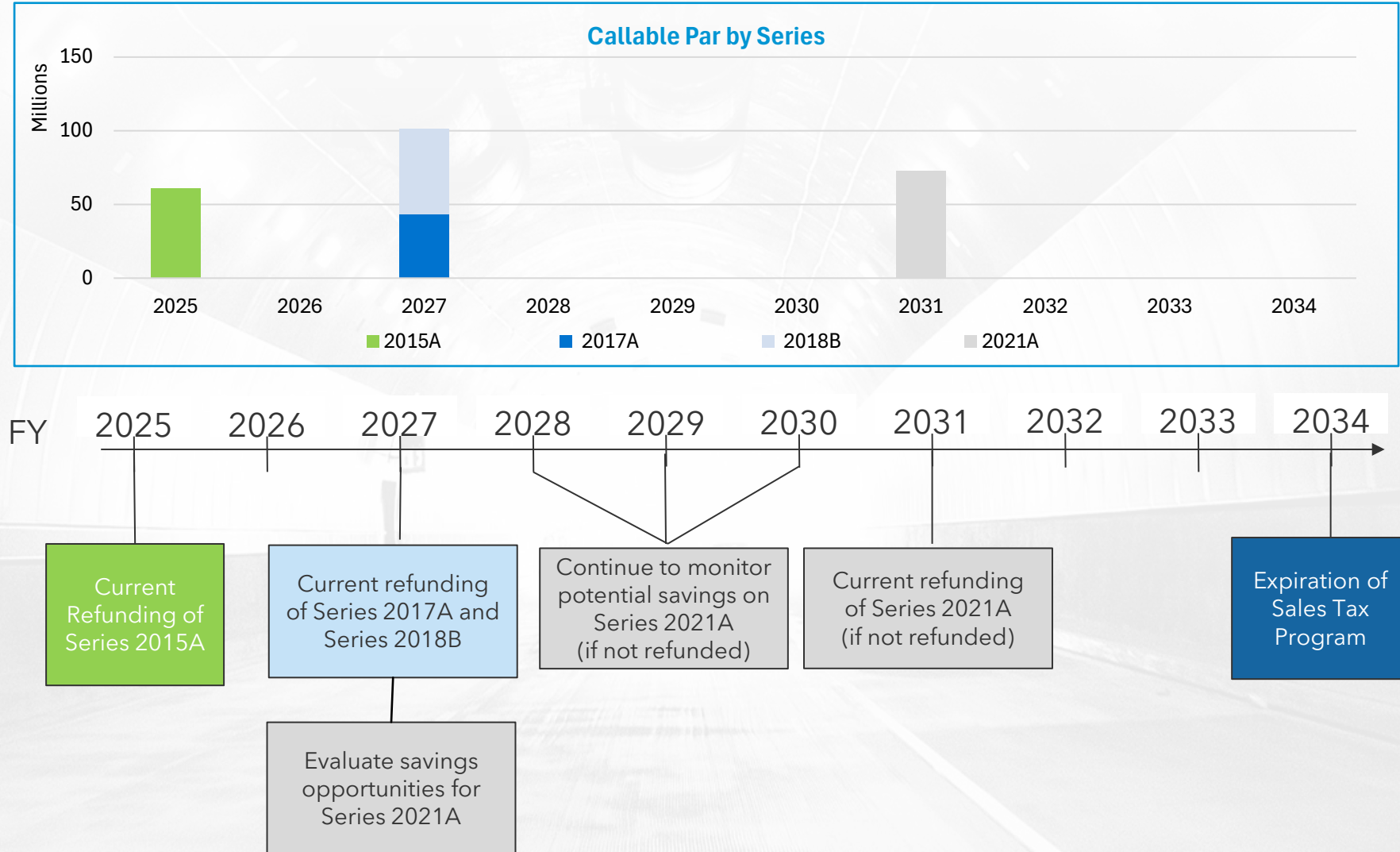
- Entirely **fixed rate** obligations
- Primarily **tax-exempt** obligations with a modest amount of *taxable* debt
- All risk has been removed from the CCTA debt portfolio
  - No** interest rate swap outstanding
  - No** collateral risk
  - No** counterparty risk
  - No** variable rate risk

Series	Issue Date	Original Par	Outstanding Par	Callable Par	Final Maturity	Call Option
Series 2015A Bonds (Tax-Exempt)	10/15/2015	166,640,000	82,985,000	61,060,000	3/1/2034	3/1/25 @ 100
Series 2017A Bonds (Tax-Exempt)	6/1/2017	83,570,000	58,845,000	43,635,000	3/1/2034	3/1/27 @ 100
Series 2018B Bonds (Tax-Exempt)	8/30/2018	95,030,000	95,030,000	57,880,000	3/1/2030	3/1/27 @ 100
Series 2021A Bonds (Tax-Exempt)	6/2/2021	97,240,000	97,240,000	72,660,000	3/1/2034	3/1/31 @ 100
Series 2021B Bonds (Taxable)	6/2/2021	12,675,000	12,255,000	0	3/1/2034	Make -Whole Call
<b>Total</b>		<b>\$455,155,000</b>	<b>\$346,355,000</b>	<b>\$235,235,000</b>		



# Background: CCTA Debt Management Plan

- Proceed with **only** the tax-exempt refunding of the Series 2015A Bonds
- Monitor market opportunities between now and March 1, 2027 (the call date for the Series 2017A Bonds and Series 2018A Bonds)



# Financing Objectives for the 2025A Bonds

## ❑ Refinance the 2015A Bonds

- Outstanding Callable Bonds: \$61,060,000
- Optional Call Date: March 1, 2025 (financial close can occur up to 90-days prior)

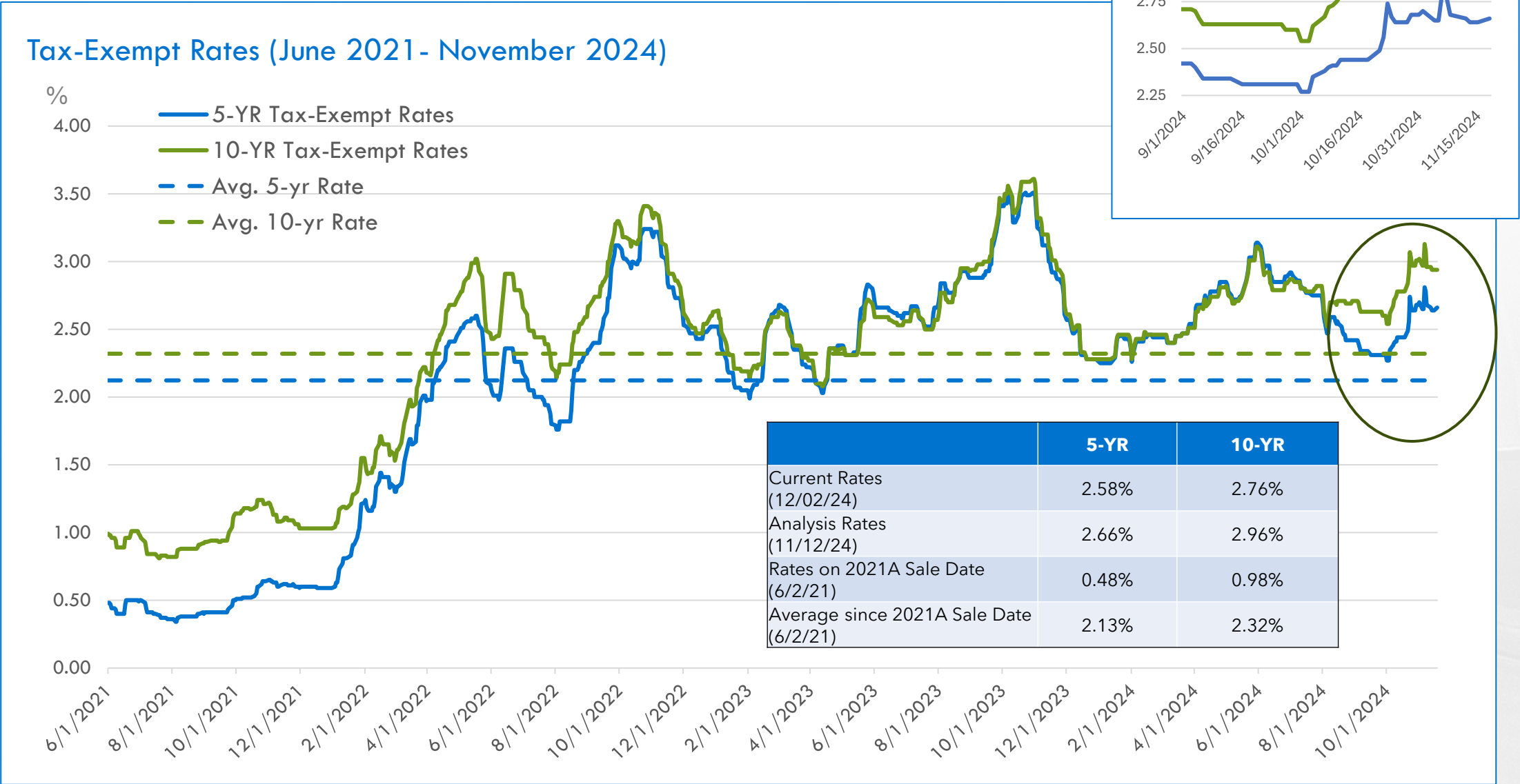
## ❑ Achieve Debt Service Savings

- Secure lower fixed interest costs
- Lower annual and total debt service requirements
- Debt policy threshold of 3% Net Present Value savings of the principal amount of the refunded 2015A Bonds

## ❑ Maintain Debt Portfolio Characteristics

- Tax-exempt, fixed rate bonds
- Final maturity of March 1, 2034
- No change in structure; no added risk

# Tax-Exempt Interest Rates





# The 2025A Bonds: Estimated Results

## Key Assumptions:

- Issue: Single refunding series; fixed rate; tax-exempt
- Credit: Pledge of sales tax revenues
- Ratings: Current CCTA ratings of AAA (Fitch) and AA+ (S&P)
- Structure: Level refunding debt service; level annual savings
- Sale: Competitive sale; underwriter is awarded based on a lowest true interest cost bid

## Estimated Series 2025A Bonds<sup>1</sup>

Total Series 2025A Bond Financing Proceeds:	<u>\$63,118,279</u>
Uses:	
Retire Series 2015A Bonds:	\$62,558,575
Cost of Issuance:	280,000
Underwriter's Discount <sup>2</sup> :	<u>279,704</u>
Total Uses:	\$63,118,279

## Estimated Refunding Results<sup>1</sup>

True Interest Cost (T.I.C.)	2.96%
Total Debt Service Savings:	\$6,430,851
Average Annual Savings:	\$714,539
Present Value Savings (\$):	\$5,594,015
Present Value Savings (%):	9.16%

1. Preliminary subject to change. Based on November 12, 2024 market conditions.

2. Estimated based on \$5/bond; will be finalized on the day of sale based on the lowest TIC bid.

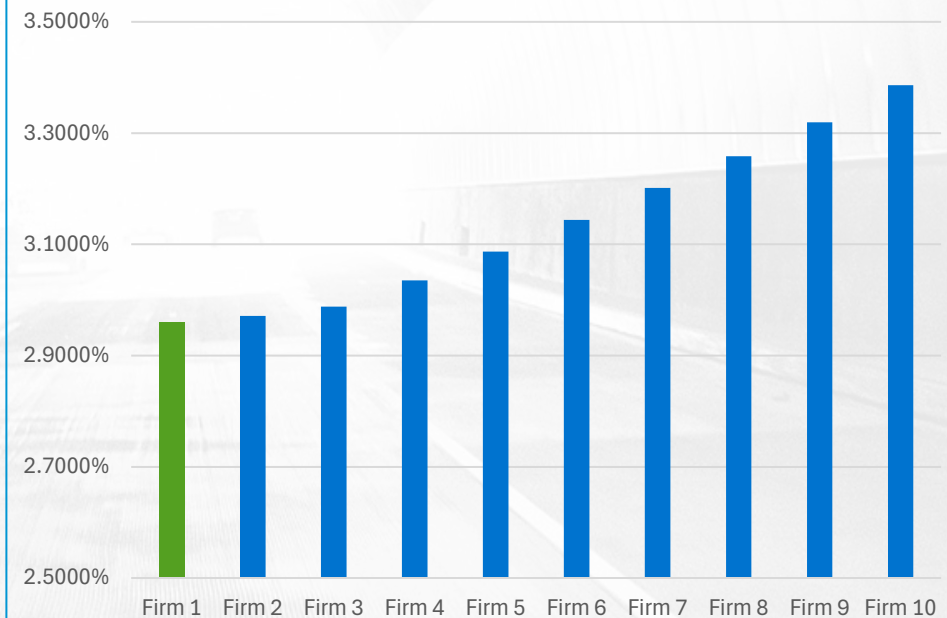
- ***Estimated results based on market conditions of November 12, 2024; interest costs are preliminary and subject to change between now and pricing.***

# The 2025A Bonds: Competitive Sale

	Negotiated Sale	Competitive Sale
Underwriter Selection	Pre-selected through competitive RFP process	Awarded on the day of sale based on the lowest true interest cost bid
Sale Features	<ul style="list-style-type: none"> <li>More complex transaction</li> <li>Lower credit ratings</li> <li>Riskier security/revenue pledge</li> <li>Less frequent issuer</li> </ul>	<ul style="list-style-type: none"> <li>✓ Straightforward transaction</li> <li>✓ High credit ratings</li> <li>✓ Understood security/revenue pledge</li> <li>✓ More frequent issuer</li> </ul>
PRO	<ul style="list-style-type: none"> <li>Greater flexibility in terms of market timing</li> <li>Some ability to tailor structure to specific investor interests</li> <li>More robust pre-marketing effort</li> </ul>	<ul style="list-style-type: none"> <li>Quantifiable basis for underwriter selection</li> <li>Pricing transparency</li> <li>Promotes competition among underwriters that can result in bids that outperform the market</li> </ul>
CON	<ul style="list-style-type: none"> <li>Less clarity around pricing justification</li> <li>More limited underwriter participation on the bonds</li> </ul>	<ul style="list-style-type: none"> <li>Less flexibility in terms of market timing and bond structure</li> <li>Less underwriter pre-marketing</li> </ul>

Bidder	TIC	TIC Δ vs Winner
<b>Firm 1</b>	<b>2.9602%</b>	<b>WINNER</b>
Firm 2	2.9712%	0.011%
Firm 3	2.9882%	0.017%
Firm 4	3.0352%	0.047%
Firm 5	3.0872%	0.052%
Firm 6	3.1442%	0.057%
Firm 7	3.2012%	0.057%
Firm 8	3.2582%	0.057%
Firm 9	3.3192%	0.061%
Firm 10	3.3862%	0.067%

Example Competitive Bid Results





# Timeline

## ❑ **December 5, 2024**

- Administration and Planning Committee consideration of plan of finance for 2025A Bonds

## ❑ **December 18, 2024**

- Board Meeting to approve 2025A Bonds

## ❑ **Mid/Late January 2025**

- Presentations to Fitch and S&P rating agencies & receive ratings on the 2025A Bonds
- Release Preliminary Official Statement and Notice Inviting Bids
- Market Series 2025A Bonds
- Price Series 2025A Bonds

## ❑ **Mid February 2025**

- Close 2025A Bonds

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