

# City and County of San Francisco

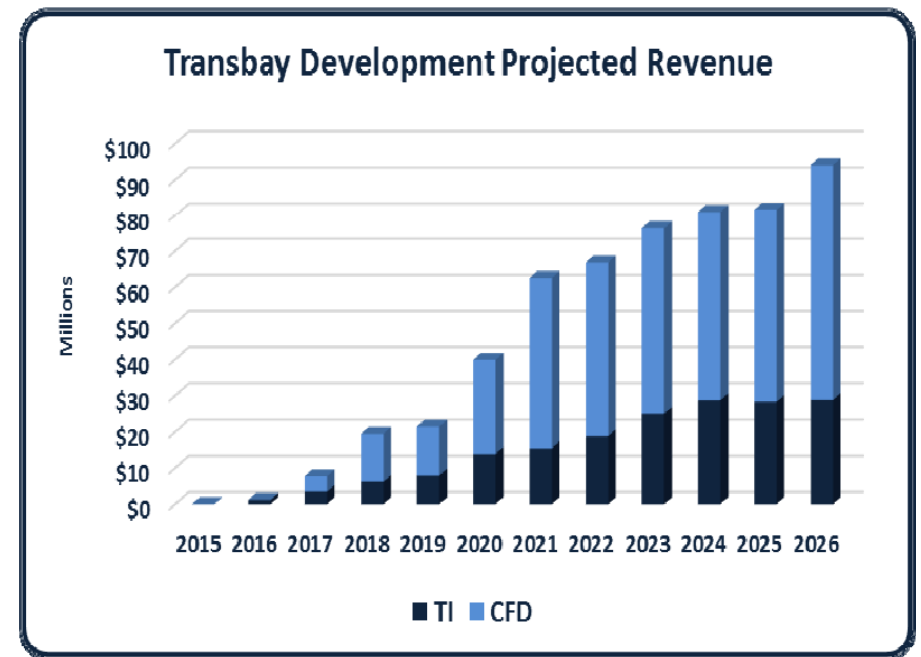
**\$100 million Direct Investment COP Purchase**

# Background

- **BATA/MTC have committed over \$350 million to the Transbay Terminal replacement project**
  - RM1 \$54 million
  - AB 1171 \$150 million
  - RM2 \$150 million
- **Unfortunately the project has suffered a series of cost increases and delays with a resulting budget increase of 43% since 2010**
  - 2010 budget \$1.6 billion
  - 2013 budget \$1.9 billion
  - 2016 cost \$2.3 billion
- **The increase has created a serious budget and cash flow shortfall of \$360 million**
- **Funding gap net of final property sale is approximately \$250 million**

# Financial Analysis

- The TJPA plan has been to utilize a Community Facilities District (CFD) “special tax” and tax increment revenue from the Transbay District
- Annual revenue levels need to reach \$20+ million
- Insufficient CFD special tax revenue for TJPA to close funding gap
- The City of San Francisco has developed a mechanism to “bridge” the gap



# Bridge Financing

- **City of San Francisco interim financing plan**
  1. \$260 million interim short term financing
    - \$160 million privately sold to Wells Fargo Bank
    - \$100 million directly purchased by BATA
  2. Long term financing take out of interim financing
- **Transaction is similar to the \$194 million direct investment with the State of California**

# Terms of BATA Transaction

- **Proposed terms**

- Principal \$100 million
- Floating Rate Index .61% + 1 month LIBOR (1.05%)
- Rate Cap NONE
- Term 5 years initial
- Options Prepay at any time  
5 year renewal option  
“Term out” – over five years rate up to 6%
- Security Covenant by City of San Francisco to budget payments in General Fund  
Leased land held by trustee
- Priority BATA payments subordinate to Wells Fargo payments

- **BATA receives a .05% premium over Wells Fargo Bank for agreeing to five year term and subordinating payments**

# Risks

- **Bata will purchase the COP as a direct investment but all investments have risk, including**

- Credit – San Francisco is an natural “AA” credit
- Payment - San Francisco covenants to budget payments annually
- Security - Payments are a General Fund pledge  
San Francisco takes all risk of project based revenue delay
- Renewal San Francisco may pay off any time  
Renew for five  
Amortize payment over five years  
up to 6% rate
- Costs Not a project financing  
Committee established to oversee construction costs and changes

