

# UTA Board of Trustees Meeting

September 18, 2019



# Call to Order and Opening Remarks



# Pledge of Allegiance



# Safety First Minute



# Be Prepared, Not Scared



# Public Comment Period



# Public Comment Guidelines

- Each comment will be limited to two minutes per citizen or five minutes per group representative
- No handouts allowed



# Approval of September 11, 2019 Board Meeting Minutes



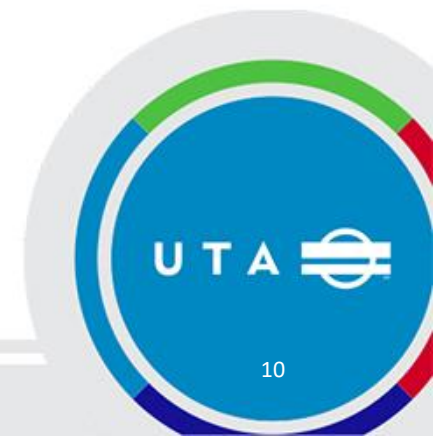


# Recommended Action (by acclamation)

Motion to approve



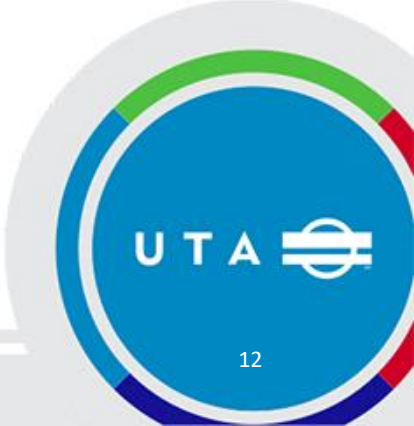
# Agency Report



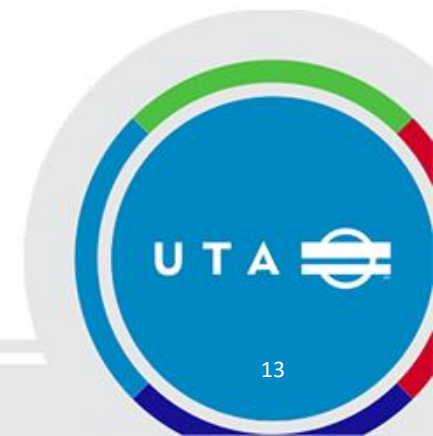
# Additional TIGER Grant Opportunity for Depot District and Millcreek Bike Lanes



# Complimentary Service for South Carolina Chamber Tour



# Contracts, Disbursements, and Grants



# Contract: Light Rail Vehicle Wraps (Turbo Images)

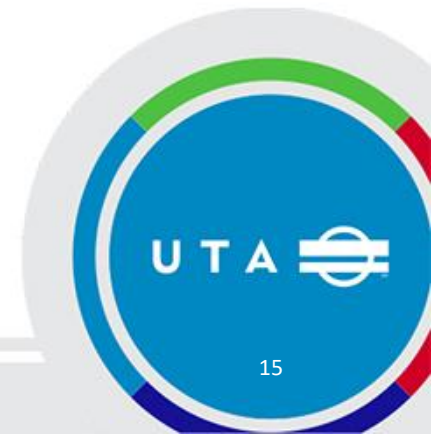
- Description and purpose:
  - Application of vinyl wrap on 37 light rail vehicles that will have been recently painted
  - Part of light rail vehicle overhaul program
- Total contract:
  - \$424,871



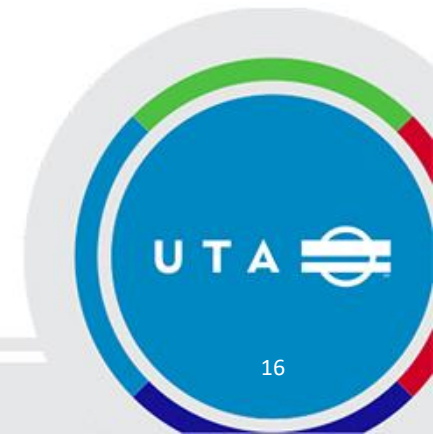
# Recommended Action (by acclamation)

Motion to approve contract:

Light Rail Vehicle Wraps  
(Turbo Images)



# Discussion Items





# Low Income Fare Strategy



# PRESENTATION OUTLINE

- 1 • Key Elements
- 2 • Agency Examples
- 3 • UTA Reduced Fares
- 4 • Challenges
- 5 • Recommendations
- 6 • Next Steps

# KEY ELEMENTS

- Population Identification
- Eligibility Determination
- Pass Distribution
- Discount Amount
- Fare Products
- Fare Media

# AGENCY EXAMPLES

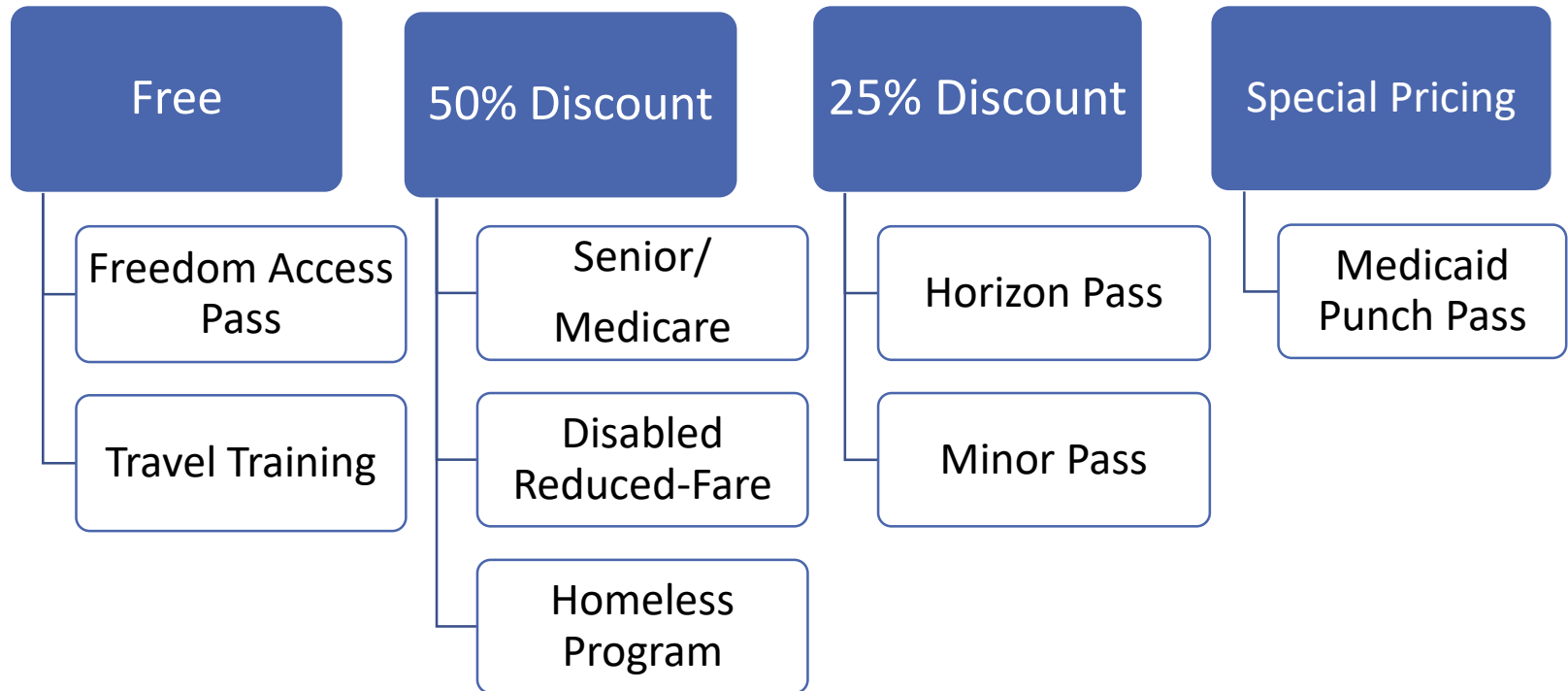




# AGENCY DISCOUNTS

<b>Peer Agency</b>	<b>Discount Amount</b>
Tri-Met	50%-72%
Capital Metro	25%-FREE
RTD	40%
King County Metro (Seattle, WA)	50%
StarTran (Lincoln Nebraska)	40%
Metro Transit (Madison, Wisconsin)	57%
Topeka Metro	50%
MTA (New York City)	50%
Metropolitan Transit Commission (MTC) Bay Area Rapid Transit (BART)	20%-50%
Metro Transit (Minneapolis / St. Paul)	\$1 fare

# UTA REDUCED FARES



# CHALLENGES

- UTA reduced fare pricing is not consistent
- Families above the federal poverty line are unserved
- Program administration is complicated
- Eligibility and income verification is a complex process
- Fare media and pass distribution requires exceptions



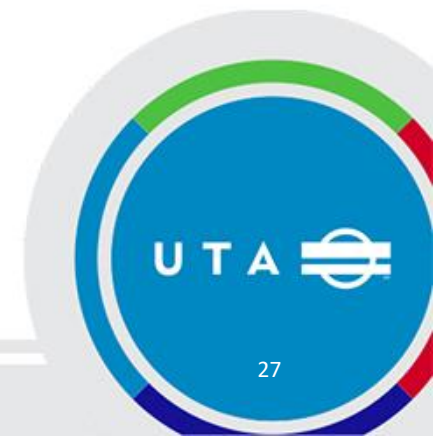
# RECOMMENDATIONS

- Create stronger partnerships
- Consolidate current reduced fare products
- Encompass an income-based target population
- Analyze the financial impact of changes
- Identify and solve challenges
- Create and implement a transit assistance program

# NEXT STEPS

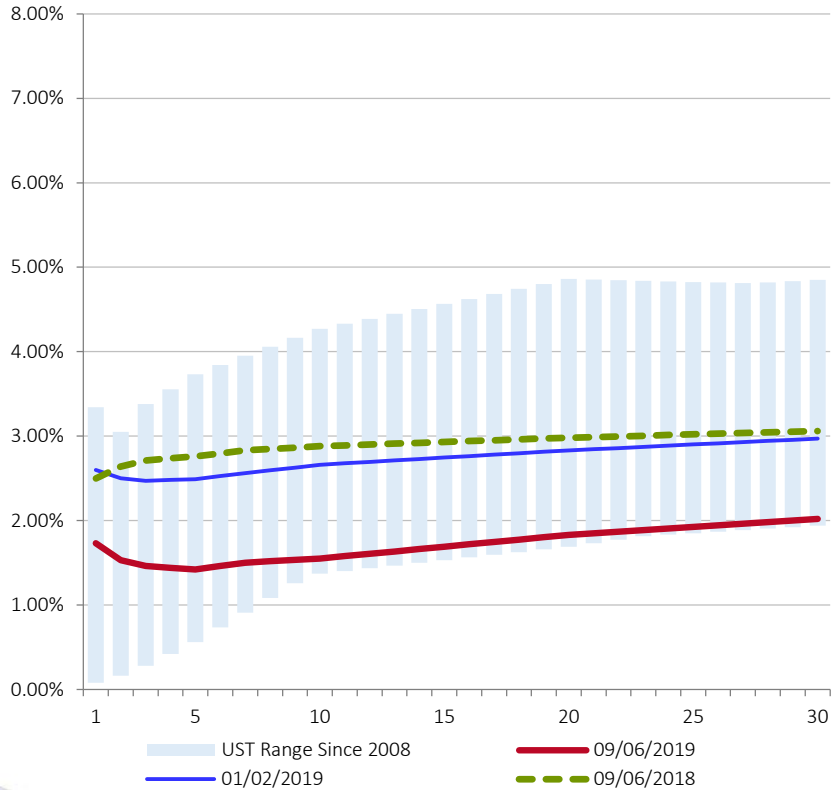
- Form a working group and solicit ideas
- Analyze current reduced fare products
- Compile a strategic plan and related timeline
- Present the strategic plan for approval
- Begin implementation

# Opportunity for Bond Refunding and New Money Issuance



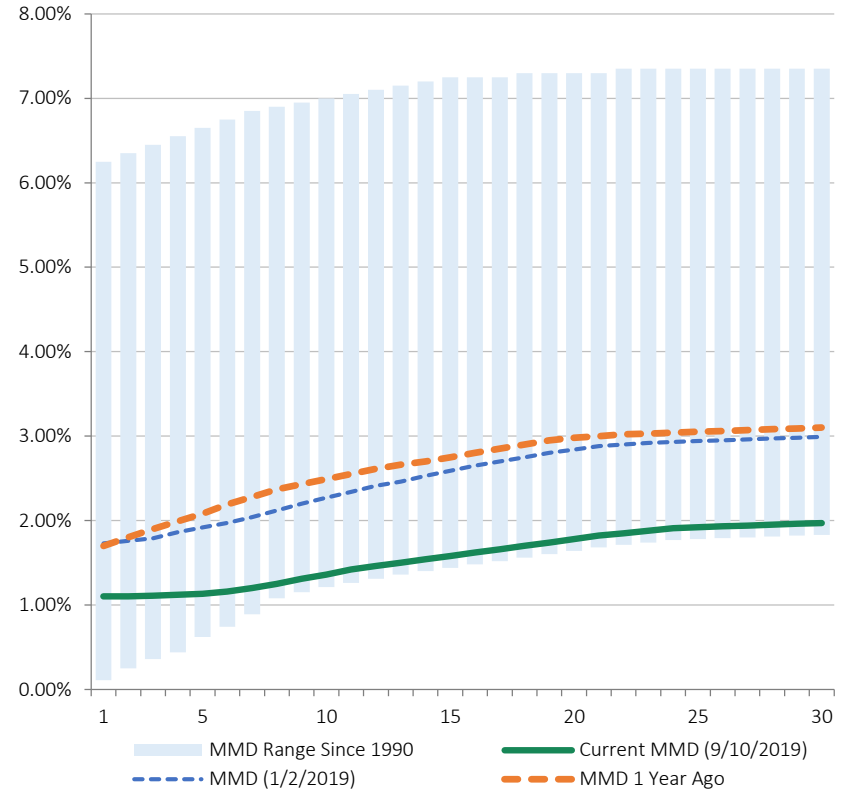
# Interest Rates at Historic Lows

UST: Historic Range vs. Current



Source: U.S. Department of Treasury; UST range from 1/1/2008 through 9/6/2019

AAA MMD: Historic Range vs. Current



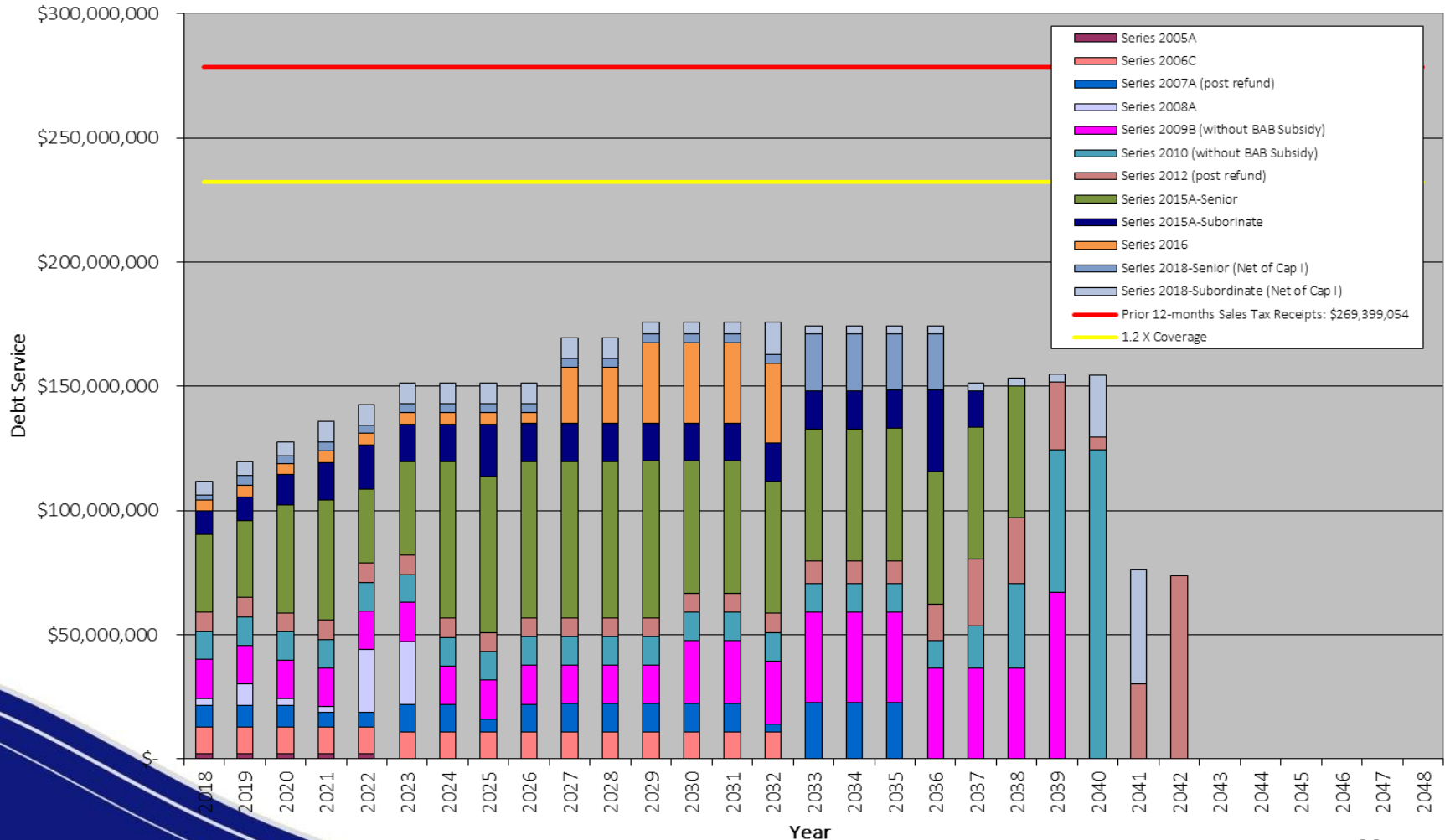
Source: Thomson Reuters TM3; range from 1/1/1990 through 9/10/2019

# Bond Refunding and Restructuring Considerations

	Refunding Bonds	Restructuring Bonds
Net Present Value Savings 5% or more	X	
Consider options to lower maximum annual debt service	X	X
Move principal payments from June 15 to December 15	X	X
High refunding efficiency	X	
Minimize use of refunding savings reserve	X	X
Consider change from subordinate to senior debt	X	X

# Current Debt Service (Base Case)

Total Outstanding Debt Service: Senior and Subordinate Debt

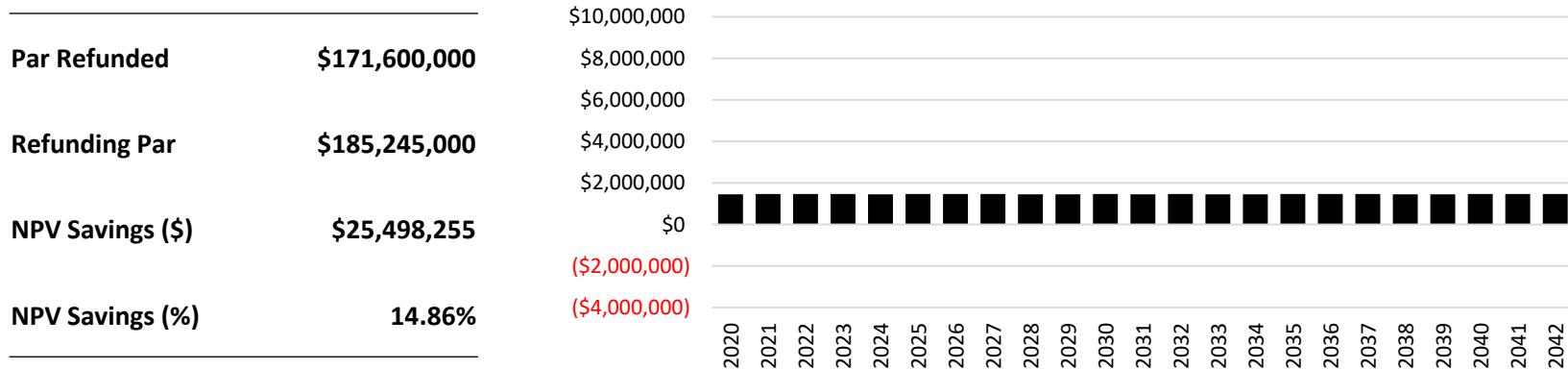


# Refunding/Restructuring – 2012 Subordinated Bonds Projected Results (Structured)

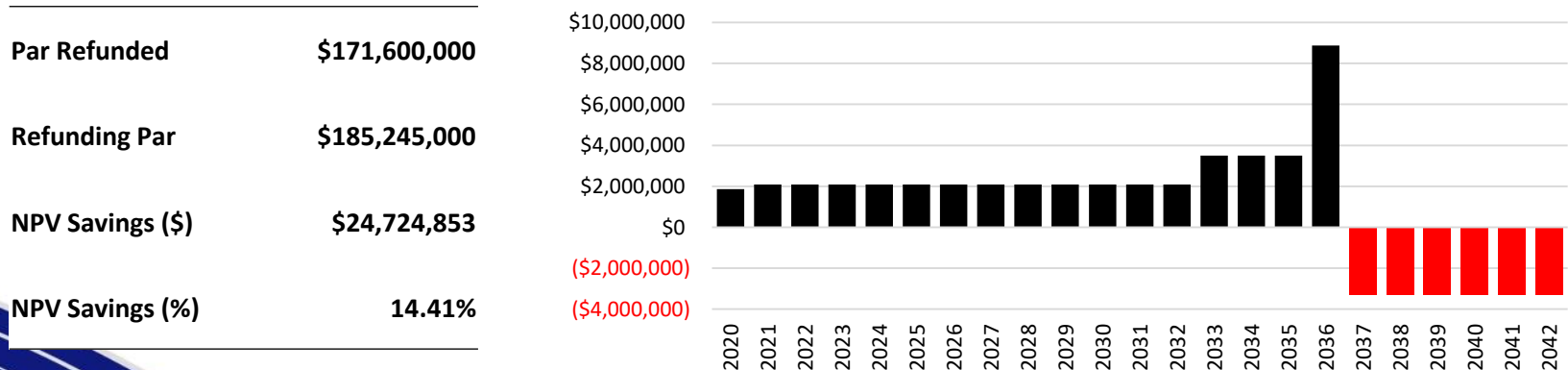
	Projected Results
Net Present Value Savings 5% or more	14.4%; \$24.7mm NPV
Consider options to lower maximum annual debt service	Lowers MADs in 2036 by \$8.87 million
Move principal payments from June 15 to December 15	Yes
High refunding efficiency	Approximately 77%
Minimizes use of refunding savings reserve	None required
Moves refunding of subordinate lien Series 2012 Bonds to senior lien level	Yes

# Refunding/Restructuring – 2012 Subordinated Series

Uniform Savings Scenario: Debt Service Comparison (12/31)



Restructuring Scenario: Debt Service Comparison (12/31)





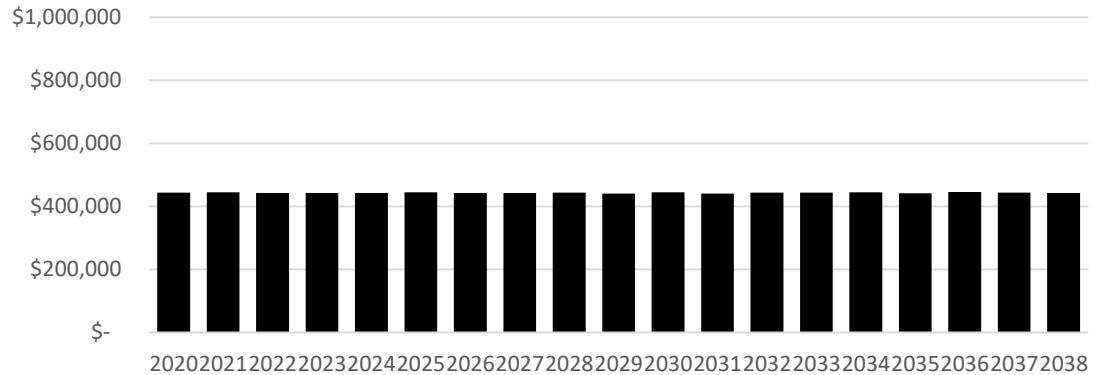
# Bond Refunding – 2015 Senior Bonds Projected Results (Structured)

	Projected Results
Net Present Value Savings 5% or more	7.46%; \$7.45mm NPV
Consider options to lower maximum annual debt service	Lowers MADs by an average of \$938 k/yr in 2027-2036
Move principal payments from June 15 to December 15	Yes
High refunding efficiency	Approximately 50%
Minimizes use of refunding savings reserve	None required
Keeps refunding of Senior Series 2015 Bonds at senior lien level	Yes

# Refunding/Restructuring – 2015 Senior Bonds

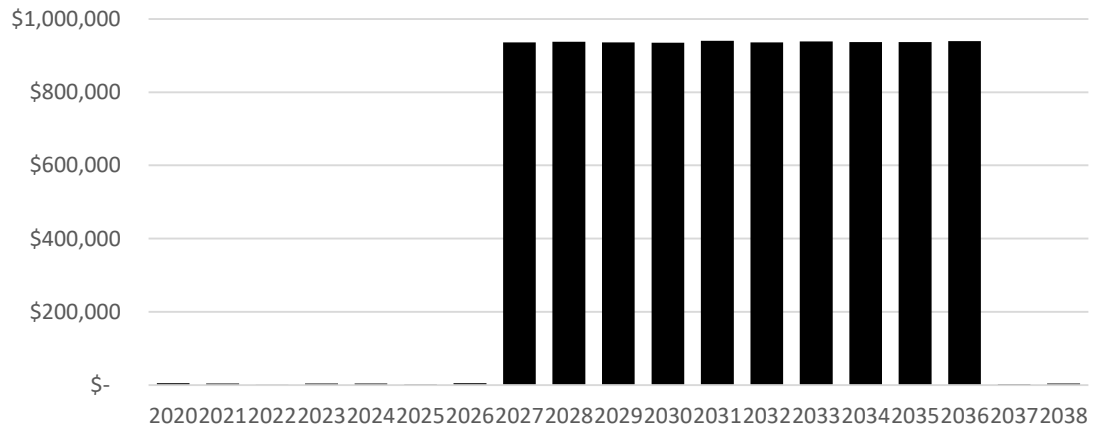
## Uniform Savings Scenario: Debt Service Comparison (12/31)

Par Refunded	<b>\$101,040,000</b>
Refunding Par	<b>\$120,540,000</b>
NPV Savings (\$)	<b>\$7,539,794</b>
NPV Savings (%)	<b>7.46%</b>



## Restructuring Scenario: Debt Service Comparison (12/31)

Par Refunded	<b>\$101,040,000</b>
Refunding Par	<b>\$120,345,000</b>
NPV Savings (\$)	<b>\$7,517,219</b>
NPV Savings (%)	<b>7.44%</b>

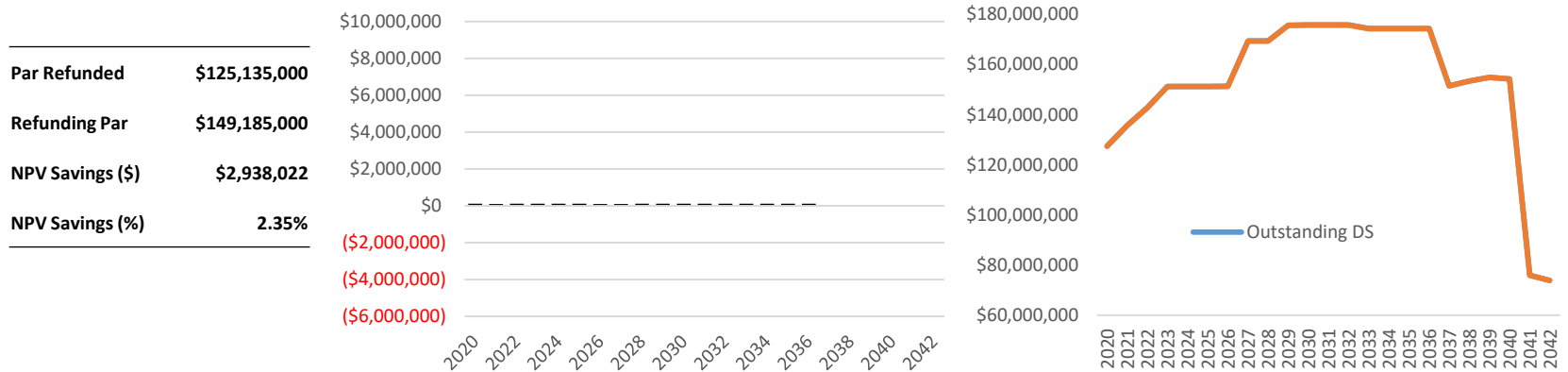


# Bond Refunding – 2015 Subordinated Bonds Projected Results (Structured)

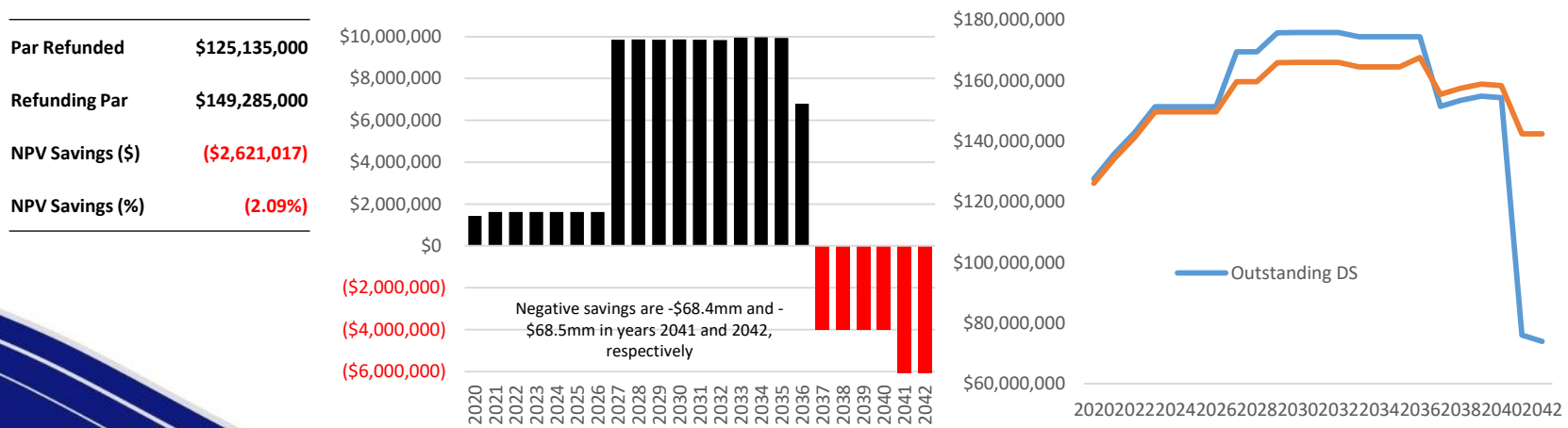
	Projected Results
Net Present Value Savings	Neutral
Consider options to lower maximum annual debt service	Lowers MADs by an average of \$9.85mm/yr in 2027-2035
Move principal payments from June 15 to December 15	Yes
Minimizes use of refunding savings reserve	None required
Keeps refunding of 2015 Subordinated Bonds at subordinate lien level	Yes

# Refunding/Restructuring Analysis – 2015 Subordinated Bonds

## Uniform Savings Scenario: Debt Service Comparison (12/31)



## Restructuring Scenario: Debt Service Comparison (12/31)

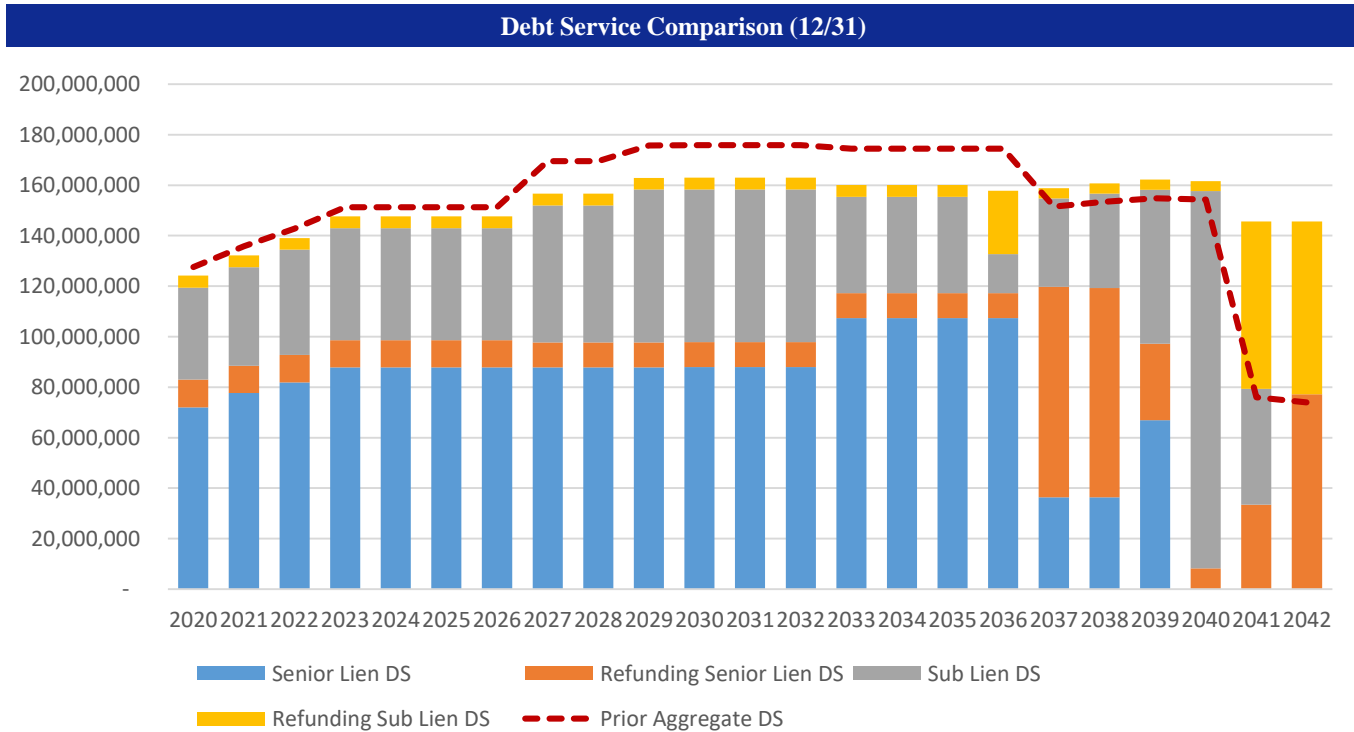


# Refunding/Restructuring Summary

Net Present Value Savings 5% or more	\$32.15 million total NPV Savings; 14.4% (2012); 7.5% (2015)
Consider options to lower maximum annual debt service	Lowers MADS by \$12.9 million
Move principal payments from June 15 to December 15	Yes
High refunding efficiency	77% (2012); 50% (2015)
Minimizes use of refunding savings reserve	None Required
Moves refunding of subordinate lien to senior lien level	2012 only

# Refunding/Restructuring Plan

<b>Par Refunded</b>	<b>\$397,775,000</b>
<b>Refunding/Restructuring Par</b>	<b>\$454,875,000</b>



# Refunding/Restructuring Plan

Debt Service Comparison (12/31)			
FY 12/31	Refunded DS	Refunding/Restructured DS	Savings
2020	19,152,750	15,855,612	3,297,138
2021	19,152,750	15,452,343	3,700,408
2022	19,152,750	15,455,167	3,697,583
2023	19,152,750	15,451,837	3,700,914
2024	19,152,750	15,451,961	3,700,790
2025	19,152,750	15,454,933	3,697,818
2026	19,152,750	15,450,907	3,701,844
2027	27,391,500	14,519,610	12,871,891
2028	27,398,000	14,517,738	12,880,263
2029	27,392,250	14,519,769	12,872,482
2030	27,403,000	14,520,936	12,882,064
2031	27,384,375	14,515,823	12,868,553
2032	27,370,750	14,519,520	12,851,231
2033	28,903,450	14,517,142	14,386,309
2034	28,909,275	14,518,800	14,390,475
2035	28,892,700	14,519,336	14,373,364
2036	51,617,675	35,016,191	16,601,485
2037	80,060,050	87,364,718	(7,304,668)
2038	79,562,750	86,864,478	(7,301,728)
2039	27,008,500	34,317,792	(7,309,292)
2040	4,900,000	12,206,549	(7,306,549)
2041	30,142,750	99,842,735	(69,699,985)
2042	73,912,750	145,673,808	(71,761,058)
<b>Total</b>	<b>732,319,025</b>	<b>740,527,698</b>	<b>(8,208,673)</b>

# New Money Bonds Five-year Capital Plan Projections

2020 Bonds	2022 Bonds	Totals
<u>\$54,291,076</u>	<u>\$12,450,000</u>	<u>\$66,741,076</u>



# 2019 New Money Bonds Projections

New Money Debt Service (Level)			
12/31	Principal	Interest	Total DS
2020		2,765,366	2,765,366
2021		2,661,850	2,661,850
2022		2,661,850	2,661,850
2023		2,661,850	2,661,850
2024		2,661,850	2,661,850
2025	1,685,000	2,661,850	4,346,850
2026	1,770,000	2,577,600	4,347,600
2027	1,860,000	2,489,100	4,349,100
2028	1,955,000	2,396,100	4,351,100
2029	2,050,000	2,298,350	4,348,350
2030	2,155,000	2,195,850	4,350,850
2031	2,260,000	2,088,100	4,348,100
2032	2,375,000	1,975,100	4,350,100
2033	2,490,000	1,856,350	4,346,350
2034	2,615,000	1,731,850	4,346,850
2035	2,750,000	1,601,100	4,351,100
2036	2,885,000	1,463,600	4,348,600
2037	3,030,000	1,319,350	4,349,350
2038	3,180,000	1,167,850	4,347,850
2039	3,340,000	1,008,850	4,348,850
2040	3,475,000	875,250	4,350,250
2041	3,580,000	771,000	4,351,000
2042	3,755,000	592,000	4,347,000
2043	3,945,000	404,250	4,349,250
2044	4,140,000	207,000	4,347,000
<b>Total</b>	<b>55,295,000</b>	<b>45,093,266</b>	<b>100,388,266</b>

# Cash Flow Comparison

## July TFP and Proposed Bonding

Year	Current TFP	Proposed Bond Issue	Favorable or (Unfavorable)
2020	\$1,017,958	\$2,765,000	(\$1,747,042)
2021	2,035,915	2,661,850	(625,935)
2022	2,300,478	2,661,850	(361,372)
2023	2,565,040	2,661,850	(96,810)
2024	2,565,040	2,661,850	(96,810)
2025	4,436,025	4,350,000	86,025
2026	4,436,025	4,350,000	86,025
2027 & thereafter	4,843,387	4,350,000	493,387

# Net Effect on Annual Debt Service

(in millions)	2020	2021	2022	2023	2024
2012 Refunding & Restructure	\$1.859	\$2.083	\$2.083	\$2.083	\$2.083
2015 Refunding & Restructure	.005	.003	.001	.004	.004
2015 Restructure	1.433	1.614	1.614	1.614	1.614
2019 New Money	<u>(1.747)</u>	<u>(.626)</u>	<u>(.362)</u>	<u>(.097)</u>	<u>(.097)</u>
<b>Net Savings</b>	<b><u>\$1.550</u></b>	<b><u>\$3.074</u></b>	<b><u>\$3.337</u></b>	<b><u>\$3.604</u></b>	<b><u>\$3.604</u></b>

For 2024 thru 2026, net savings ranges from \$3.6 million to \$3.8 million.  
 For 2027 thru 2036, net savings ranges from \$13.3 million to \$17.1 million.  
 For 2037 thru 2040, net cost is \$6.8 million per year.  
 For 2041 and 2042, the net cost is \$69.2 million and \$71.3 million, respectively.

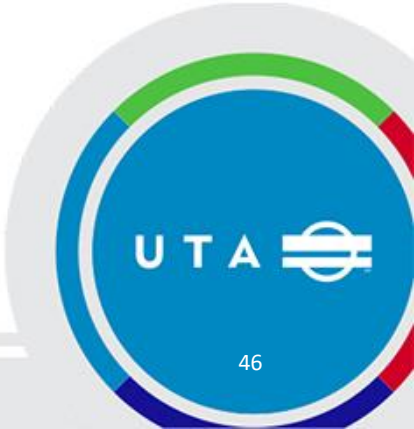
# Recommendations

- Refund outstanding 2012 Subordinated Bonds for savings, restructure, use senior lien
- Refund select 2015 Senior Bonds for savings and restructure
- Restructure select 2015 Subordinated Bonds to lower MADS
- Move principal payments to December 15 on refunding bonds
- Utilize senior lien to sell new money bonds
- Negotiated sale

# Calendar of Events

- September 25 - Local Advisory Council
- October 9 – Market update to Board of Trustees and authorization to proceed
- October 16 – State Bonding Commission Approval
- November 6 – Sale Date and Board Approval of Bond Purchase Agreement
- November 27 - Closing

# Continuation of 2020 Budget Presentation Discussion



# Other Business

- a. Next meeting: September 25, 2019 at 9:00 a.m.



# Adjourn

