



Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105

## Meeting Agenda

### Bay Area Infrastructure Financing Authority

*Alfredo Pedroza, Chair*      *Nick Josefowitz, Vice Chair*

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Wednesday, July 26, 2023

9:50 AM

Board Room - 1st Floor

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The Bay Area Infrastructure Financing Authority (BAIFA) is scheduled to meet on Wednesday, July 26, 2023 at 9:50 a.m. or immediately following the 9:45 a.m. BATA meeting, in the Bay Area Metro Center at 375 Beale Street, Board Room (1st Floor). This meeting shall consist of a simultaneous teleconference call at the following location(s):  
Pinole Public Library, 2935 Valley Road, Pinole, CA 94564 and  
Ibis Ciboure, 13 rue Georges Olascuaga, 64500 Ciboure, France

Meeting attendees may opt to attend in person for public comment and observation.  
In-person attendees must adhere to posted public health protocols while in the building.

The meeting webcast will be available at

<https://mtc.ca.gov/whats-happening/meetings/live-webcasts>.

Commissioners and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial \*9. When called upon, unmute yourself or dial \*6. In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Zoom Attendee Link: <https://bayareametro.zoom.us/j/86005091247>

iPhone One-Tap: US:

+13462487799,,86005091247# US (Houston)

+16694449171,,86005091247# US

Join by Telephone (for higher quality, dial a number based on your current location) US:

888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 860 0509 1247

International numbers available: <https://bayareametro.zoom.us/u/kdYKzVIuTd>

Detailed instructions on participating via Zoom are available at:  
<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>.

Members of the public may participate by phone or Zoom or may submit comments by email at [info@bayareametro.gov](mailto:info@bayareametro.gov) by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

**Authority Roster:**

**Alfredo Pedroza (Chair), Nick Josefowitz (Vice Chair),  
Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Carol Dutra-Vernaci,  
Dina El-Tawansy\*, Victoria Fleming, Dorene M. Giacomini\*, Federal D. Glover,  
Matt Mahan, Nate Miley, Stephanie Moulton-Peters, Sue Noack, Gina Papan,  
David Rabbitt, Hillary Ronen, Libby Schaaf\*, James P. Spering, Sheng Thao  
\*Non-Voting Members**

**1. Call to Order / Roll Call / Confirm Quorum**

*Quorum: A quorum of this Authority shall be a majority of its regular voting members (10).*

**2. Chair's Report**

**3. Consent Calendar**

- 3a. [23-0911](#) Approval of BAIFA Minutes of the June 28, 2023 meeting

**Action:** Authority Approval

**Attachments:** [3a 23-0911 June 28 2023 Draft BAIFA Minutes.pdf](#)

- 3b. [23-0938](#) Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year (FY) 2022-23 Third Quarter Financial Statements (Unaudited)

**Action:** Information

**Presenter:** Alita Reinecker

**Attachments:** [3b 23-0938 BAIFA FY2022-23 Third Quarter Financials Unaudited.pdf](#)

**4. Authority Approval**

- 4a. [23-0922](#) BAIFA Resolution No. 19 - BAIFA Tax-Exempt Obligations

A request to adopt BAIFA Resolution No. 19 declaring BAIFA's intent to issue tax exempt obligations to facilitate public improvements related to the BART Car Replacement Program and to reimburse expenditures made prior to the issuance of the tax-exempt obligations.

**Action:** Authority Approval

**Presenter:** Derek Hansel

**Attachments:** [4a 23-0922 BAIFA Resolution 19 Tax Exempt Obligations.pdf](#)  
[4a 23-0922 Attachment A BART Replacement Railcar Financing.pdf](#)

**5. Public Comment / Other Business**

*Commissioners and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial \*9. When called upon, unmute yourself or dial \*6.*

## **6. Adjournment / Next Meeting**

**The next meeting of the Bay Area Infrastructure Financing Authority is scheduled to be held on September 27, 2023. Any changes to the schedule will be duly noticed to the public.**

**Public Comment:** The public is encouraged to comment on agenda items at Authority meetings by completing a request-to-speak card (available from staff) and passing it to the Authority secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

**Meeting Conduct:** If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Authority may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

**Record of Meeting:** Authority meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site ([mtc.ca.gov](http://mtc.ca.gov)) for public review for at least one year.

**Accessibility and Title VI:** MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

**可及性和法令第六章:** MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

**Acceso y el Título VI:** La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

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Attachments are sent to Authority members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Authority. Actions recommended by staff are subject to change by the Authority.



# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

**File #:** 23-0911      **Version:** 1      **Name:**

**Type:** Minutes      **Status:** Consent

**File created:** 6/7/2023      **In control:** Bay Area Infrastructure Financing Authority

**On agenda:** 7/26/2023      **Final action:**

**Title:** Approval of BAIFA Minutes of the June 28, 2023 meeting

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [3a\\_23-0911\\_June\\_28\\_2023\\_Draft\\_BAIFA\\_Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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**Subject:**  
Approval of BAIFA Minutes of the June 28, 2023 meeting

**Recommended Action:**  
Authority Approval



Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105

## Meeting Minutes

### Bay Area Infrastructure Financing Authority

*Alfredo Pedroza, Chair*      *Nick Josefowitz, Vice Chair*

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Wednesday, June 28, 2023

9:50 AM

Board Room - 1st Floor

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Chair Pedroza called the meeting to order at 11:13 a.m.

#### 1. Roll Call / Confirm Quorum

**Present:** 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Sperring

**Absent:** 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

**Non-Voting Members Present: Commissioner Giacomini and Commissioner Schaaf**

**Non-Voting Member Absent: Commissioner El-Tawansy**

#### 2. Chair's Report

There was nothing to report.

#### 3. Consent Calendar

**Upon the motion by Commissioner Sperring and seconded by Commissioner Glover, the Authority unanimously approved the Consent Calendar by the following vote:**

**Aye:** 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Sperring

**Absent:** 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

**3a.**      [23-0775](#)      Approval of BAIFA Minutes of the May 24, 2023 Meeting

**Action:** Authority Approval

- 3b. [23-0807](#) Contract Change Order - Express Lane Toll System Integrator (TSI):  
TransCore, LP (\$9,395,421)  
*Action:* Authority Approval  
*Presenter:* Ken Hoang
  
- 3c. [23-0808](#) BAIFA Resolution No. 48 - I-80 Express Lanes in Solano County (I-80  
Solano Toll System) Regional Measure 3 (RM3) Allocation Request  
*Action:* Authority Approval  
*Presenter:* Beth Zelinski
  
- 3d. [23-0809](#) Services for Express Lanes Backhaul Network
  - i. Purchase Order - Network Consulting Services: SSP Data (\$665,000)
  - ii. Purchase Order - Telecommunication Services: AT&T (\$235,000)*Action:* Authority Approval  
*Presenter:* Mark Dinh

**4. Authority Approval**

- 4a. [23-0776](#) BAIFA Resolution No. 47 - Fiscal Year (FY) 2023-24 Operating and  
Capital Budget  
  
A request for adoption of BAIFA Resolution No. 47, authorizing the BAIFA  
FY 2023-24 Operating and Capital Budgets.  
*Action:* Authority Approval  
*Presenter:* Derek Hansel  
  
**Upon the motion by Commissioner Papan and seconded by Commissioner  
Rabbitt, the Authority unanimously adopted BAIFA Resolution No. 47. The motion  
carried by the following vote:**  
  
*Aye:* 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner  
Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover,  
Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters,  
Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner  
Ronen and Commissioner Spering  
  
*Absent:* 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

**5. Public Comment / Other Business**

**6. Adjournment / Next Meeting**

The next meeting of the Bay Area Infrastructure Financing Authority is scheduled to be held at 9:45 a.m. on July 26, 2023. Any changes to the schedule will be duly noticed to the public.



# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

**File #:** 23-0938      **Version:** 1      **Name:**

**Type:** Report      **Status:** Consent

**File created:** 6/14/2023      **In control:** Bay Area Infrastructure Financing Authority

**On agenda:** 7/26/2023      **Final action:**

**Title:** Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year (FY) 2022-23 Third Quarter Financial Statements (Unaudited)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [3b 23-0938 BAIFA FY2022-23 Third Quarter Financials Unaudited.pdf](#)

Date	Ver.	Action By	Action	Result
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**Subject:**  
Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year (FY) 2022-23 Third Quarter Financial Statements (Unaudited)

**Presenter:**  
Alita Reinecker

**Recommended Action:**  
Information



# Bay Area Infrastructure Financing Authority (BAIFA)

July 26, 2023

Agenda Item 3b - 23-0938

## Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year 2022-23 Third Quarter Financial Statements (Unaudited)

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### **Subject:**

Fiscal Year (FY) 2022-23 Bay Area Infrastructure Financing Authority (BAIFA) third quarter financial statements (unaudited).

### **Background:**

BAIFA operates Metropolitan Transportation Commission's express lanes, Interstate 680 (I-680) and the Interstate 880 (I-880). Toll revenue is collected using FasTrak<sup>®</sup> which is the electronic toll payment system used at the Bay Area's seven toll bridges and on the express lanes. FasTrak<sup>®</sup> is also used for toll collections on the San Mateo 101 Express Lanes (SM 101 EL) under a cooperative agreement between BAIFA and the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA).

As of the third quarter of FY 2022-23, ending March 31, 2023, BAIFA's total revenue was \$51.3 million or 74% of the adopted budget. Toll revenue was \$42.8 million at 77% of the budget, violation revenue was \$5.4 million at 75% of the budget, and interest and other revenues were \$2 million at 479% of the budget. Revenue collected as reimbursement from the SM 101 EL toll services was \$1 million or 19% of the budget.

In November 2022, BAIFA approved a budget amendment reducing the violation revenue estimate by \$2.25 million based on the newly adopted toll violation penalty structure of \$10 for the first notice plus \$20 for the second notice from the prior structure of \$25 for the first notice plus \$45 for the second notice. Staff was granted approval by BAIFA for the reduced penalties in July 2022, effective October 3, 2022. This budget amendment for the violation revenue reduction was equally applied to the I-680 and I-880 ELs.

Total expenses and transfers were \$23 million or 40% of the budget. Operating expenses were \$11.7 million, or 37% of the annual budget. Transfers of \$11.4 million to BAIFA Capital and Rehabilitation Programs were already made to fund staff and consultant costs as budgeted. The budget includes transfer to the capital reserve of \$15 million which will be made in the last quarter of the year.

As of the third quarter of FY 2022-23, expenses continued to be lower due to billing delays but payments of invoices are anticipated to accelerate by the end of the fiscal year. Toll system manual image review expenses, however, are estimated to experience savings due to the lower unit costs charged by the vendor compared to the budget assumption. The roadway maintenance budget will have significant savings as well because of minimal road repairs and maintenance done on the ELs.

**I-680 Operating:**

Total revenue for the I-680 was \$13.2 million or 99% of the approved budget with  $\frac{3}{4}$  of the fiscal year passed. The revenue consists of \$ 9 million of toll revenue or 82% of the budget, violation revenue of \$2.2 million or 104% of the budget, and interest and other revenues of \$2 million or 802% of the budget. The budget amendment reducing anticipated violation revenue was applied equally to both ELs, which made I-680 look like it overperformed versus the budget for violation revenue. The significant interest and other revenues earned as of the third quarter of the fiscal year was primarily due to more favorable actual treasury rates than the budget assumption.

Total expenses for the I-680 EL were \$4.4 million or 44% of the budget. Both the I-680 and I-880 EL incurred operating expenses that are lower than three quarters of the annual budget. These operating expenses are meant to cover FasTrak<sup>®</sup> operations, tolling systems operations and maintenance, and roadway and backhaul operations maintenance as vendor invoices and processing for payment thereof continue to be behind by a month or two. The lower than anticipated expenses are primarily due to billing delays and lower costs incurred for the image manual review and for roadway maintenance. The EL administration expenses are similarly trending low versus the budget.

The operating surplus, before transfers and reserves, for I-680 EL was \$8.8 million. A transfer from the operating surplus was made to Metropolitan Transportation Commission (MTC) projects for \$64 thousand and the BAIFA capital development program for \$250 thousand to fund staffing costs. There is a budgeted transfer to the capital reserve of \$3.5 million that will be made by the end of the fiscal year. The resulting net operating surplus was \$8.5 million versus the budgeted shortfall of \$600 thousand.

**I-880 Operating:**

I-880 EL generated toll revenue of \$37 million which is on track at 74% versus the budget with  $\frac{3}{4}$  of the fiscal year passed. The revenue consists of \$33.8 million of toll revenue and \$3.2 million of violation revenue, or 75% and 64% of the annual budget, respectively. Due to the budget amendment to reduce violation revenues that was equally reduced from both ELs, I-880 looks like it is lagging behind versus the budget for violation revenue.

Total expenses were \$6.2 million or 39% of the budget. Similar to the I-680 EL, there were billing delays as well as savings among operating expenses. The operating surplus before transfers and reserves was \$30.9 million with subsequent transfers for staffing costs of \$1.2 million to the capital and rehabilitation programs and \$45 thousand to MTC projects.

**San Mateo (SM) 101 Operating:**

BAIFA has a cooperative agreement with SMCELJPA for BAIFA to manage the tolling system on SM 101 EL. SMCELJPA reimburses the associated operating expenses incurred by BAIFA for the tolling system. The SM 101 express lanes first segment opened in February 2022 and the second segment opened in March 2023. The budget included the anticipated opening of the second segment of this EL to achieve full corridor operations in December 2022 but opening was delayed.

As of the third quarter of FY 2022-23, BAIFA received reimbursement from the SMCELJPA for BAIFA staff costs and for managing the tolling system services. There was \$1 million of reimbursement revenue, or 19% of the budget. Expenses are \$1.1 million, 20% of the operating expenses budget. Lower costs were incurred for manual image review and there were much lower than budgeted roadway maintenance expenses.

**Capital Programs:**

Express Lanes Development Program

The BAIFA capital program remained within budget. The fourteen capital projects have an approved budget of \$447 million. The remaining budget balance was \$54 million as of the third quarter. (Attachment A).

Rehab Program

As of the third quarter of FY 2022-23, transfers to the BAIFA rehabilitation program totaled \$10.2 million for existing express lanes projects. These transfers were \$250 thousand from the I-680 operating surplus and \$10 million from the I-880 operating surplus, in accordance with the budget. The total BAIFA Rehab Program budget is \$12.8 million with no actual spending as of this period. (Attachment A).

**Actions under Executive Director Contract signature authority:**

Per Executive Director's Management Memorandum (EDMM) 352 the Executive Director is authorized to approve and execute contracts or amendments up to \$200,000 cumulatively (or as amended by Agency resolution). There were no relevant contract or purchase order actions taken for the third quarter that were within the Executive Director's authority.

**Recommendations:**

None. This item provided for information only.

**Attachments:**

- Attachment A – FY 2022- 23 Third Quarter BAIFA Financial Statements (unaudited)



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Andrew B. Fremier

**BAIFA Operating Financial Statement  
As of March 2023 (Unaudited)**

	<b>FY 2022-23 Budget</b>	<b>Actual YTD</b>	<b>Current Budget Balance Over/(Under)</b>	<b>% of Budget (YTD/Bud)</b>	<b>Year Expired</b>
<b>Revenue:</b>					
General Toll Revenue	56,000,000	42,840,782	(13,159,218)	76.5%	75.0%
Violation Revenue	7,150,000	5,393,237	(1,756,763)	75.4%	75.0%
Interest and Other Revenue	422,700	2,023,639	1,600,939	478.7%	75.0%
San Mateo 101 Express Lane JPA Revenue	5,416,695	1,026,850	(4,389,845)	19.0%	75.0%
<b>Total Revenue</b>	<b>68,989,395</b>	<b>51,284,508</b>	<b>(17,704,887)</b>	<b>74.3%</b>	<b>75.0%</b>
<b>Expense:</b>					
FasTrak Operations and Maintenance	8,856,984	4,029,356	(4,827,628)	45.5%	75.0%
Express Lanes & Backhaul Operations and Maintenance	13,444,154	4,607,356	(8,836,798)	34.3%	75.0%
Express Lanes Administration	3,614,365	1,970,971	(1,643,394)	54.5%	75.0%
San Mateo 101 Tolling Operations Services	5,416,695	1,063,828	(4,352,867)	19.6%	75.0%
<b>Total Expense</b>	<b>31,332,198</b>	<b>11,671,511</b>	<b>(19,660,687)</b>	<b>37.3%</b>	<b>75.0%</b>
<b>Operating Surplus (Shortfall) before Transfers &amp; Reserves</b>	<b>37,657,197</b>	<b>39,612,997</b>	<b>1,955,800</b>	<b>105.2%</b>	<b>75.0%</b>
<b>Transfers &amp; Reserves</b>					
Transfer (from)/to MTC	224,594	108,545	(116,049)	48.3%	75.0%
Transfer (from)/to Capital Program	11,410,000	11,410,000	-	100.0%	75.0%
Transfer (from)/to Capital Reserve	15,000,000	0	(15,000,000)	0.0%	75.0%
<b>Total Transfer In (out) &amp; Depreciation</b>	<b>26,634,594</b>	<b>11,518,545</b>	<b>(15,116,049)</b>	<b>43.2%</b>	<b>75.0%</b>
<b>Net Operating Surplus (Shortfall)</b>	<b>11,022,606</b>	<b>28,094,452</b>			

## Legislation Details (With Text)

<b>File #:</b>	23-0922	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Resolution	<b>Status:</b>		Authority Approval	
<b>File created:</b>	6/7/2023	<b>In control:</b>		Bay Area Infrastructure Financing Authority	
<b>On agenda:</b>	7/26/2023	<b>Final action:</b>			
<b>Title:</b>	BAIFA Resolution No. 19 - BAIFA Tax-Exempt Obligations				

A request to adopt BAIFA Resolution No. 19 declaring BAIFA’s intent to issue tax exempt obligations to facilitate public improvements related to the BART Car Replacement Program and to reimburse expenditures made prior to the issuance of the tax-exempt obligations.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [4a 23-0922 BAIFA Resolution 19 Tax Exempt Obligations.pdf](#)  
[4a 23-0922 Attachment A BART Replacement Railcar Financing.pdf](#)

Date	Ver.	Action By	Action	Result

**Subject:**

BAIFA Resolution No. 19 - BAIFA Tax-Exempt Obligations

A request to adopt BAIFA Resolution No. 19 declaring BAIFA’s intent to issue tax exempt obligations to facilitate public improvements related to the BART Car Replacement Program and to reimburse expenditures made prior to the issuance of the tax-exempt obligations.

**Presenter:**

Derek Hansel

**Recommended Action:**

Authority Approval

**Bay Area Infrastructure Financing Authority**  
**BAIFA**

**July 26, 2023**

**Agenda Item 4a - 23-0922**

**BAIFA Resolution No. 19 – BAIFA Tax-Exempt Obligations**

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**Subject:**

A request to adopt BAIFA Resolution No. 19 declaring BAIFA’s intent to issue tax exempt obligations to facilitate public improvements related to the BART Car Replacement Program and to reimburse expenditures made prior to the issuance of the tax-exempt obligations.

**Background:**

MTC is the designated Metropolitan Planning Organization (MPO) responsible for programming FTA formula funds to regional transit projects. BART’s fleet replacement and expansion project requires significant funding over the next four to six years and the FTA formula grant funds expected to be received during this period would be insufficient to meet the cash flow requirements of anticipated regional projects. Because delays in the projects could lead to notable cost escalation in order to complete all projects on a timely basis, intermediate funding will be required to address their cash flow needs.

Debt financing can be used to provide upfront project funds that can be repaid over time. MTC’s role as MPO and direct recipient of federal funds allows it to flexibly program and allocate federal grant receipts for debt service. As designated recipient, MTC allocates FTA formula funds to direct recipients (e.g., regional transit operators), and as a direct recipient, MTC can receive programmed FTA formula funds. This puts MTC in a unique position to manage a regional program that can be used to address the type of cash flow challenges presented by the BART project in the context of other regional needs.

The BART rail car replacement project is the largest Bay Area project in the near term and a top need in the region. BART is eligible for section 5307 and 5337 grants in multiple urbanized areas (UZAs); this provides a large amount of direct funding over an extended period which can in turn be used to secure financing and provide significant debt service coverage (which allows for cost-effective borrowing).

MTC does not have its own financing authority; BAIFA, however, is a joint powers agency (JPA) established by MTC and BATA under a joint powers agreement, as permitted by state law.

As a JPA, BAIFA can issue special obligation debt (as it has done in the past). In the planned financing, BAIFA and MTC would enter a transit funding agreement under which BAIFA would advance funds to BART to reimburse eligible project expenditures. BAIFA debt would be repaid by FTA formula funds programmed annually by MTC, subject to federal appropriation and apportionment.

The financing requires a letter of no prejudice (LONP) from FTA to MTC, which allows the project to be eligible for advance construction. MTC received an LONP for the BART replacement railcar project from the FTA in 2018; the LONP was recently updated and extended.

The contemplated financing structure could also be utilized by MTC to advance other projects on behalf of different transit operators, to the extent that a project presented similar cash flow challenges, subject to the future receipt of LONPs for such projects. The regional structure enables MTC to leverage its expertise and role as MPO, and the structure can be customized to meet operator needs and can cross UZAs for applicable projects. The first financing would be for the BART car replacement rail car program. There are no current plans to issue additional debt in the future. The planned financing structure is a short-term bank revolving line of credit with a future fixed-rate takeout. This structure provides financing flexibility given the uncertainty of the exact timing of funding needs on a cost-effective basis.

Resolution No. 19 does not authorize financing at this time. Rather, Resolution No. 19 allows BAIFA to continue with the project and potentially reimburse project expenses from the proceeds of future tax-exempt bonds. Authorizing documents for the financing will be submitted for approval at the September BAIFA meeting.

**Issues:**

None identified.

**Recommendations:**

Staff recommends that the Authority approve BAIFA Resolution No. 19.



**Attachments:**

- Attachment A: Presentation: Overview of Grant Anticipation Financing - BART Replacement Railcar Financing
- Attachment B: BAIFA Resolution No. 19



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Andrew B. Fremier

# Overview of Grant Anticipation Financing BART Replacement Railcar Financing

Bay Area Infrastructure Financing Authority

July 26, 2023

Derek Hansel



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 due to BART demands in next two years
- 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

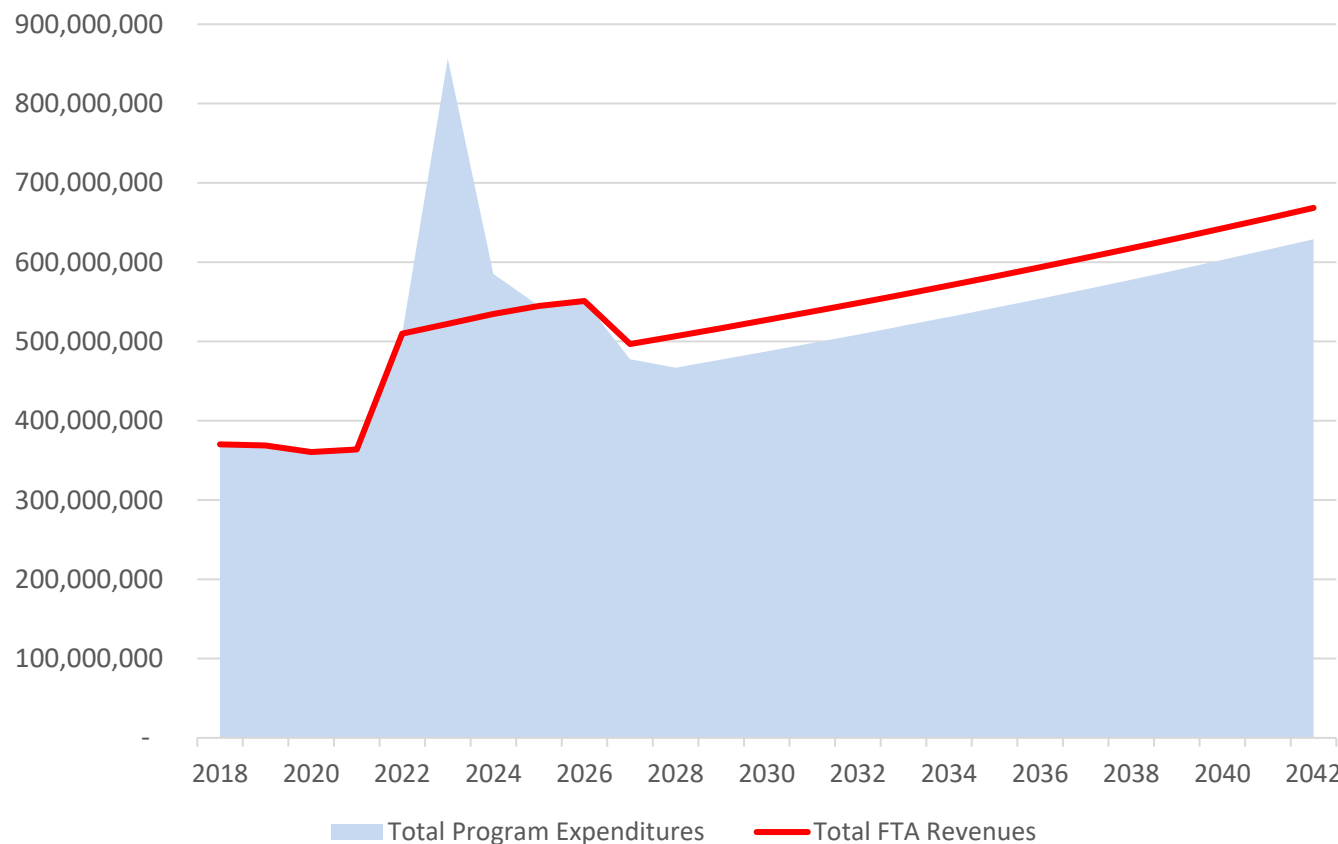
## FYs 2023 and 2024 TCP Programming Need vs. Apportionments (\$ in millions)

	FY 2023	FY 2024	Total
<b>FTA Apportionments*</b>	\$ 522	\$ 535	\$ 1,057
BART Railcar Replacements	\$ 372	\$ 61	\$ 433
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
<b>Total Programming Need</b>	<b>\$ 857</b>	<b>\$ 585</b>	<b>\$ 1,442</b>
<i>Delta (Financing Need)**</i>	\$ 335	\$ 51	\$ 385

\*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.

Regional Transit Project Needs and Expected FTA Grant Revenue



## **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 project and a top 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 fixed-rate takeout
- Flexibility to establish broad regional financing program in the future
- Resolution 19 provides for reimbursement of expenditures with the proceeds of tax-exempt obligations

# BART Replacement Railcar Financing

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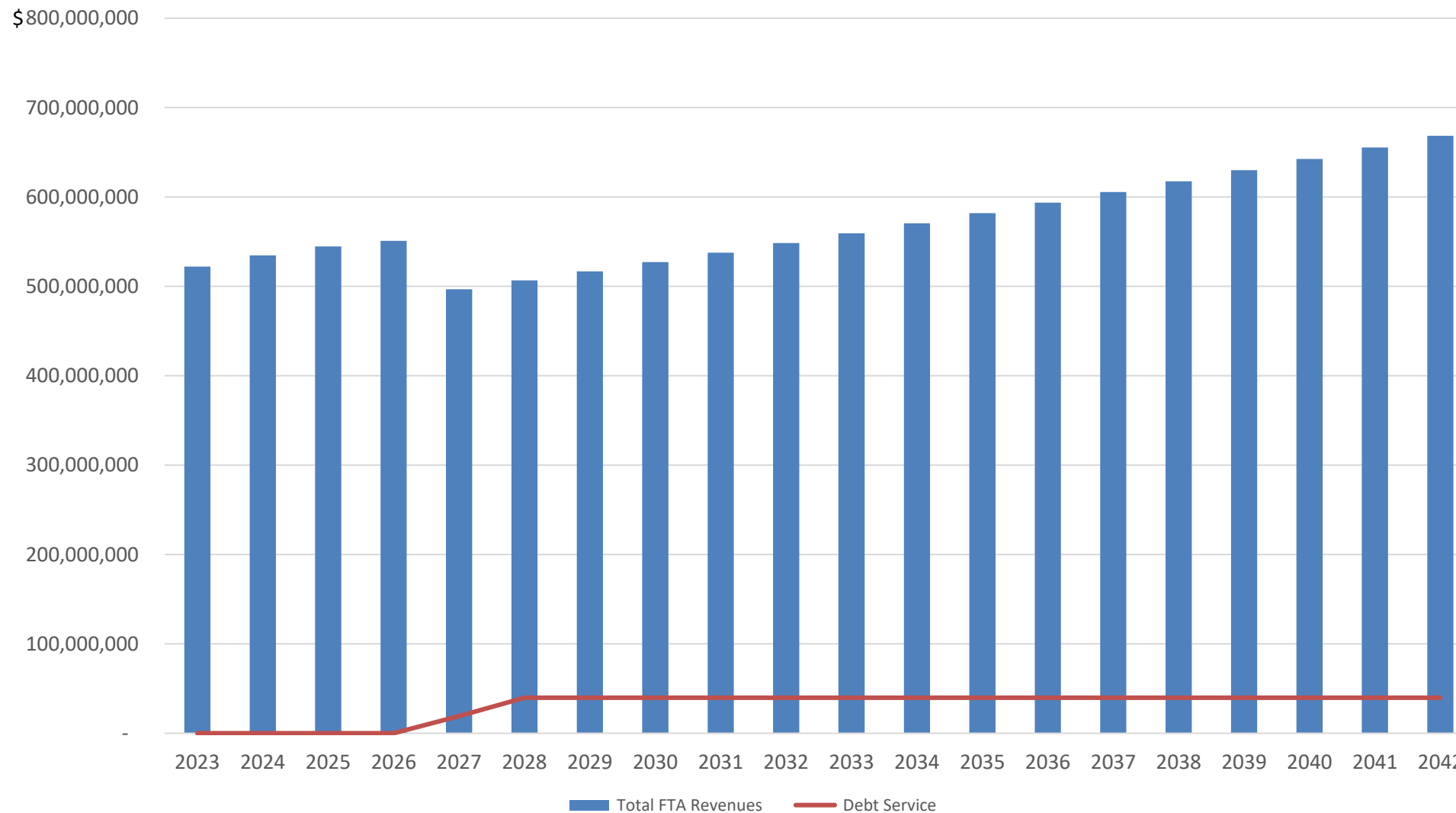
- Replacement of 775 railcars at a cost of approximately \$1 billion
- Currently over 500 cars are in service
- MTC anticipates financing in order to meet BART's cashflow needs as railcars are replaced, and holds an FTA Letter of No Prejudice for this plan
- Project needs likely to be met through combination of direct 5307/5337 programming and financing proceeds.
- BART remains the direct recipient responsible for project delivery



# Estimated FTA Formula Funds will Provide Significant Coverage



Programmable FTA Formula Funds vs Securitization Debt Service



Debt Service Assumes 4.5% interest rate  
 Revenues and Debt Service are PRELIMINARY AND SUBJECT TO CHANGE

## Programmable FTA 5307 and 5337 Formula Funds Breakdown FY23-FY42

Formula Grant	SFO UZA	Concord UZA	Antioch UZA	Total
(%)	80%	16%	4%	\$11.4B

### **MTC's role as Designated Recipient, MPO and Direct Recipient puts MTC in a position to manage the current financing and a future regional securitization program**

- As Designated Recipient, MTC allocates FTA Formula Funds to Direct Recipients
- As a Direct Recipient, MTC can receive programmed FTA Formula Funds
- Able to program and allocate FTA Formula Fund grant receipts to debt service
- MTC prioritizes project delivery in line with regional transportation plan (Plan Bay Area)
  - Projects that cross UZA's and may qualify for multiple formula funding programs
  - MTC's ability to program more FTA Formula Funds maximizes flexibility and credit strength for any financing

### **Bay Area Infrastructure Financing Authority ("BAIFA") is a joint powers agency under State law established by MTC and BATA under a Joint Powers Agreement**

- BAIFA and MTC will enter into a transit funding agreement
- BAIFA will advance funds to BART for the project
- BAIFA debt will be repaid by FTA Formula Funds programmed annually by MTC for repayment of BAIFA Obligations

## 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

#### Transit Funding Agreement (BAIFA and MTC)

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

#### Regional Transit Funding Tax & Regulatory

#### Agreement (Current Agreement Between 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

## Security Pledges

#### MTC

- MTC will program first dollars to debt service
- Creates coverage based on total apportionments for all 3 Urbanized Areas
- Remainder of FTA Formula Funds in excess of debt service will be programmed to projects

#### BART

- A covenant to comply with RTF 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)



# Proposed Timetable

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Date	Activity
July 12, 2023	MTC Programming and Allocations Committee Presentation
July 26, 2023	BAIFA Board Meeting Presentation
July/August	Finalize term sheet negotiations with lender
	Finalize documents
August/September	BART Board (as needed)
Tuesday, September 19	Substantially final documents, Good Faith Estimates, and presentation due for September 27th BAIFA Meeting
<b>Wednesday, September 27</b>	<b>MTC Board Meeting to Approve 2023 FTA financing</b> <b>BAIFA Board Meeting to approve 2023 FTA financing</b>
Week of October 2	Finalize initial borrowing amount, structure and pricing
	Circulate numbers for closing documents
Week of October 9	Pre-Closing
	Closing

Date: July 26, 2023  
W.I.: 1512  
Referred By: BAIFA

BAIFA Resolution No. 19

A Resolution of the Bay Area Infrastructure Financing Authority declaring its intent to issue tax-exempt obligations for certain public improvements and to facilitate the reimbursement of expenditures made prior to the issuance of such obligations.

Further discussion of the BAIFA tax-exempt obligation for certain public improvements is contained in the BAIFA Summary Sheet dated July 26, 2023.

Date: July 26, 2023  
W.I.: 1512  
Referred By: BAIFA

Re: Bay Area Infrastructure Financing Authority's Tax Exempt Obligations

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY  
RESOLUTION NO. 19

WHEREAS, the Bay Area Infrastructure Financing Authority (the "Authority") desires and intends to assist the San Francisco Bay Area Rapid Transit District ("BART") by providing financing to be used by BART for the acquisition of replacement rail cars and related capital improvements to the transit system operated by BART (the "Project"); and

WHEREAS, the Authority expects to cause the execution, delivery, and sale of tax exempt bonds, notes, or other obligations, in one or more series, for the purpose of providing financing for the Project in a principal amount expected not to exceed \$650,000,000 (the "Obligations"); and

WHEREAS, the Authority expects that the Metropolitan Transportation Commission ("MTC"), in its capacity as the regional transportation planning agency, BART or the Authority will incur certain expenditures relating to the Project and pay for such expenditures from, respectively, the Authority's, MTC's or BART's money on hand prior to the delivery or issuance of the Obligations (the "Reimbursement Expenditures"); and

WHEREAS, the Authority reasonably expects to use a portion of the proceeds of the Obligations to reimburse the Authority and, in turn, reimburse MTC or BART, for the Reimbursement Expenditures; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Infrastructure Financing Authority, as follows:

Section 1. The Authority hereby declares its official intent, subject to further approval of this Board, to use the proceeds of the Obligations to reimburse itself, MTC and BART for the Reimbursement Expenditures, as applicable. It is intended that this Resolution shall constitute a declaration of "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986.

Section 2. The adoption of this Resolution shall not bind the Authority to proceed with the execution and delivery of the Obligations until and unless all other necessary actions and approvals are taken or received in accordance with all applicable laws.

Section 3. All actions heretofore taken by the officers, or their respective designees, and the employees and agents of the Authority in connection with the financing of the Project are hereby ratified and confirmed. The officers and their designees, the employees and agents of the Authority are hereby authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Resolution.

Section 4. This Resolution shall take effect immediately upon its adoption.

BAY AREA INFRASTRUCTURE FINANCING  
AUTHORITY

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Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Infrastructure Financing Authority at a regular meeting of the Board held in San Francisco, California and at other remote locations, on July 26, 2023.