



*September 10, 2020*

*Regional Transit Authority*

# **Finance Committee Presentation**

**Virtual Meeting**



## Speaking on an Agenda Item

If you wish to provide public comment please let us know using the chat function in Zoom meeting tool. Comments will be limited to three minutes.

## Speaking During the Public Comment Period

If you wish to provide public comment please let us know using the chat function in Zoom meeting tool. Comments will be limited to three minutes.



# ***Agenda***

- 1. Call to Order**
- 2. Roll Call**



# ***Agenda***

## **3. Committee Chairman's Report**



# ***Agenda***

- 4. RTA's Chief Executive Officer's Report**
  - A. COVID-19 – Update**
  - B. COVID-19 – Service Options**
  - C. In-House Transition**



# **Agenda**

- 5. Chief Financial Officer's Report**
  - A. Sales Tax Revenue Refunding Bonds – Series 2020**
  - B. Preliminary 2021 Budget Discussion**



**Regional Transit Authority**

**Series 2020AB**

**Transaction Pricing Summary**

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## ***TRANSACTION OVERVIEW***

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- **\$83.005 million Sales Tax Revenue Refunding Bonds were priced on August 27, 2020 consisting of:**
  - **\$62.815 million Series 2020A (Non-AMT)**
  - **\$20.190 million Series 2020B (Taxable)**
  
- **The proceeds from the Series 2020A Bonds were used for the purpose of refunding the following outstanding bonds:**
  - **\$9,953,500 of Sales Tax Revenue Bonds, Series 2000**
  - **\$15,795,956 of Sales Tax Revenue Bonds, Series 2000A**
  - **\$50,505,000 of Sales Tax Revenue Bonds, Series 2010**
  
- **The proceeds from the Series 2020B Bonds were used for the purpose of refunding the following outstanding bonds:**
  - **\$17,314,081 of State of Louisiana Debt Service Assistance Loan**
  - **\$1,190,060 of Sales Tax Revenue Bonds, Series 1991**
  
- **The Bonds were priced by Wells Fargo Securities, Loop Capital Markets, FHN Financial Capital Markets, Piper Sandler & Co., Raymond James & Associates, Inc. and Siebert Williams Shank & Co., L.L.C.**



# TRANSACTION HIGHLIGHTS

- **Ratings Affirmations**
  - Despite the impact of COVID-19, Moody's affirmed the Authority's Aa3 underlying rating and S&P affirmed the A+ underlying rating
- **Change in Principal Payment Date**
  - Changed existing principal payments date of December 1 to January 1 to better align with the Authority's December 31 Fiscal Year End
- **Extension of Final Maturity**
  - Extended final maturity of existing debt from December 1, 2030 to January 1, 2035 to better align with the remaining useful life of the assets financed
- **Level Debt Service Structure**
  - To produce near-term debt service relief as well as lock in budget certainty, the Authority's debt service is now fixed at approximately \$8.0 million per year through FY 2034
- **Efficiently Funded Debt Service Reserve Fund**
  - After going through a special assessment with Moody's, the Authority was able to fund the Series 2020AB DSRF at *one-half* of maximum annual debt service, rather than at maximum annual debt service (*positive cash flow impacts*)
- **Use of Bond Insurance**
  - Given cost effective insurance premium from Assured Guaranty, bond insurance was utilized on all but the very first maturity (*further lowering RTA's capital costs*)

# SERIES 2020AB SOURCES AND USES AND KEY STATS

- The Series 2020AB refunding resulted in approximately \$4.9 million of aggregate net cashflow savings and \$9.8 million of present value savings (9.6% of bonds refunded)

Sources and Uses			
	Series 2020A	Series 2020B	Total
<b>Sources</b>			
Par Amount	\$62,815,000	\$20,190,000	\$83,005,000
Premium	18,887,379	-	18,887,379
DSRF Release	-	4,476,149	4,476,149
Debt Service Set-Asides	-	3,327,770	3,327,770
<b>Total</b>	<b>\$81,702,379</b>	<b>\$27,993,919</b>	<b>\$109,696,298</b>
<b>Uses</b>			
Escrow	\$77,554,577	\$26,696,989	\$104,251,566
DSRF	3,053,388	981,420	4,034,809
Cost of Issuance	605,409	194,591	800,000
Underwriter's Discount	182,419	58,908	241,327
Bond Insurance	303,129	61,459	364,588
Rounding	3,456	552	4,008
<b>Total</b>	<b>\$81,702,379</b>	<b>\$27,993,919</b>	<b>\$109,696,298</b>
Delivery Date	9/9/2020	9/9/2020	9/9/2020
Tax Status	Non-AMT	Taxable	
Net PV Savings, \$	\$8,114,643	\$1,656,172	\$9,770,815
Net PV Savings, %	10.64%	6.38%	9.56%
Amortization	2025-2035	2021-2025	2021-2035

# SERIES 2020AB SAVINGS AND DEBT SERVICE SCHEDULE

FY	Outstanding Debt Service	Series 2020AB Debt Service			Savings	
		Principal	Interest	Debt Service	Cashflow	PV
2020	7,536,760	1,475,000	1,031,132	2,506,132	5,030,629	5,002,093
2021	18,185,548	4,755,000	3,306,240	8,061,240	10,124,308	9,967,625
2022	13,635,643	4,790,000	3,275,333	8,065,333	5,570,311	5,414,216
2023	13,732,516	4,835,000	3,234,618	8,069,618	5,662,899	5,406,786
2024	13,829,075	4,880,000	3,186,268	8,066,268	5,762,807	5,404,745
2025	11,813,609	4,950,000	3,113,500	8,063,500	3,750,109	3,464,142
2026	11,435,718	5,200,000	2,866,000	8,066,000	3,369,718	3,057,287
2027	8,099,683	5,455,000	2,606,000	8,061,000	38,683	50,297
2028	8,146,110	5,730,000	2,333,250	8,063,250	82,860	88,164
2029	7,823,161	6,020,000	2,046,750	8,066,750	(243,589)	(190,381)
2030	6,042,750	6,320,000	1,745,750	8,065,750	(2,023,000)	(1,685,664)
2031	-	6,635,000	1,429,750	8,064,750	(8,064,750)	(6,615,970)
2032	-	6,965,000	1,098,000	8,063,000	(8,063,000)	(6,498,118)
2033	-	7,315,000	749,750	8,064,750	(8,064,750)	(6,385,077)
2034	-	7,680,000	384,000	8,064,000	(8,064,000)	(6,271,998)
	<u>\$120,280,574</u>	<u>\$83,005,000</u>	<u>\$32,406,339</u>	<u>\$115,411,339</u>	<u>\$4,869,234</u>	<u>\$10,208,147</u>

PV of savings from cash flow	\$10,208,147
Less: Prior Funds on Hand	(4,476,149)
Plus: Refunding Funds on Hand	<u>4,038,817</u>
Net PV Savings	<u>\$9,770,815</u>

Prior Funds on Hand represent DSRF release  
Refunding Funds on Hand represent DSRF deposit and rounding amount

# TRANSACTION TEAM

- General Counsel – The Haley Law Firm\*
- Bond Counsel – Butler Snow
- Financial Advisor – Frasca & Associates / The Hackett Group\*
- Co-Underwriter’s Counsel – Jones Walker / McKee Law Firm\*
- Trustee – Regions Bank

Underwriters	Participation
▪ Senior Manager	
• Wells Fargo Securities	55%
▪ Co-Senior Manager	
• Loop Capital Markets*	25%
▪ Co-Managers	
• FHN Financial Capital Markets	5%
• Piper Sandler & Co.	5%
• Raymond James & Associates, Inc.	5%
• Siebert Williams Shank & Co., L.L.C.*	<u>5%</u>
- 30% Minority Owned Firm Participation in Underwriting Syndicate	<b>100%</b>

\* Minority-owned firm



# ***Agenda***

## **Preliminary 2021 Budget Discussion**



# CY2020 Update and CY2021 Preliminary Budget Discussion

September 10, 2020  
Gizelle Johnson-Banks





# Potential Impact of COVID-19 on CY2020 Budget UPDATE

## Operating Revenues and Expenses- April 2020 Update

REGIONAL TRANSIT AUTHORITY  
CY2020 REVISED PROJECTIONS

TOTAL OPERATING AND NON-OPERATING REVENUES AND EXPENSES  
WITH CARES ACT PROCEEDS

	CY2020 BUDGET	CY2020 REV. PROJECTIONS	VARIANCE
<b>I. TOTAL OPERATING REVENUES AND EXPENSES:</b>			
OPERATING REVENUES	107,299,007	58,423,150	(48,875,857)
OPERATING EXPENSES	109,348,372	109,367,060	18,689
<b>TOTAL NET OPERATING REVENUE</b>	<b>(2,049,365)</b>	<b>(50,943,910)</b>	<b>(48,894,546)</b>
<b>II. TOTAL NON-OPERATING REVENUES AND EXPENSES:</b>			
<b>A. NON-OPERATING REVENUES</b>			
GOVERNMENT OPERATING ASSISTANCE	15,475,530	15,475,530	0
GOVERNMENT NON-OPERATING REVENUE	21,613,132	21,613,132	0
<b>TOTAL NON-OPERATING REVENUES</b>	<b>37,088,662</b>	<b>37,088,662</b>	<b>0</b>

## Operating Revenues and Expenses- Update (Actual Figures through June)

REGIONAL TRANSIT AUTHORITY  
CY2020 REVISED PROJECTIONS

TOTAL OPERATING AND NON-OPERATING REVENUES AND EXPENSES  
WITH CARES ACT PROCEEDS

	CY2020 BUDGET	CY2020 REV. PROJECTIONS	VARIANCE
<b>I. TOTAL OPERATING REVENUES AND EXPENSES:</b>			
OPERATING REVENUES	107,299,007	66,130,182	(41,168,825)
OPERATING EXPENSES	109,348,372	109,367,060	18,689
<b>TOTAL NET OPERATING REVENUE</b>	<b>(2,049,365)</b>	<b>(43,236,878)</b>	<b>(41,187,514)</b>
<b>II. TOTAL NON-OPERATING REVENUES AND EXPENSES:</b>			
<b>A. NON-OPERATING REVENUES</b>			
GOVERNMENT OPERATING ASSISTANCE	15,475,530	15,475,530	0
GOVERNMENT NON-OPERATING REVENUE	21,613,132	21,613,132	0
<b>TOTAL NON-OPERATING REVENUES</b>	<b>37,088,662</b>	<b>37,088,662</b>	<b>0</b>



# Potential Impact of COVID-19 on CY2020 Budget UPDATE

## Operating Revenues and Expenses- April 2020 Update

### B. TOTAL NON-OPERATING EXPENSES:

TMSEL LEGACY COSTS	2,520,000	2,520,000	0
GOVERNMENT NON-OPERATING EXPENSES	21,613,132	21,613,132	0
CAPITAL EXPENDITURES	902,974	902,974	0
PRINCIPAL ON LONG-TERM DEBT	9,879,615	9,879,615	0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>34,915,721</b>	<b>34,915,721</b>	<b>0</b>
<b>TOTAL NET NON-OPERATING REVENUE</b>	<b>2,172,941</b>	<b>2,172,941</b>	<b>0</b>

<b>NET REVENUE/(EXPENSES) BEFORE CARES ACT PROCEEDS AND OTHER FUNDING SOURCES</b>	<b>123,576</b>	<b>(48,770,969)</b>	<b>(48,894,546)</b>
<b>CARES ACT PROCEEDS</b>	<b>0</b>	<b>43,851,645</b>	<b>43,851,645</b>
<b>NET REVENUE/(EXPENSES) AFTER CARES ACT PROCEEDS</b>	<b>123,576</b>	<b>(4,919,324)</b>	<b>(5,042,901)</b>
<b>RESTRICTED OPERATING/CAPITAL RESERVE</b>	<b>(123,576)</b>	<b>4,919,324</b>	<b>5,042,901</b>
<b>NET REVENUE/(EXPENSES) AFTER OTHER FUNDING SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Operating Revenues and Expenses- Update (Actual Figures through June)

### B. TOTAL NON-OPERATING EXPENSES:

TMSEL LEGACY COSTS	2,520,000	2,520,000	0
GOVERNMENT NON-OPERATING EXPENSES	21,613,132	21,613,132	0
CAPITAL EXPENDITURES	902,974	902,974	0
PRINCIPAL ON LONG-TERM DEBT	9,879,615	9,879,615	0
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>34,915,721</b>	<b>34,915,721</b>	<b>0</b>
<b>TOTAL NET NON-OPERATING REVENUE</b>	<b>2,172,941</b>	<b>2,172,941</b>	<b>0</b>

<b>NET REVENUE/(EXPENSES) BEFORE CARES ACT PROCEEDS AND OTHER FUNDING SOURCES</b>	<b>123,576</b>	<b>(41,063,937)</b>	<b>(41,187,514)</b>
<b>CARES ACT PROCEEDS</b>	<b>0</b>	<b>43,851,645</b>	<b>43,851,645</b>
<b>NET REVENUE/(EXPENSES) AFTER CARES ACT PROCEEDS</b>	<b>123,576</b>	<b>2,787,708</b>	<b>2,664,131</b>
<b>RESTRICTED OPERATING/CAPITAL RESERVE</b>	<b>(123,576)</b>	<b>(2,787,708)</b>	<b>(2,664,131)</b>
<b>NET REVENUE/(EXPENSES) AFTER OTHER FUNDING SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>





# ***CY2021 Budget Considerations***

## ***Scenario A: Cares Act Funding Round II- Continue Current Level of Operations***

- Operating Revenue (Passenger Fares and Sales Tax) Projections are unstable due to COVID-19, but we are seeing a slight uptick in all revenues since our initial April Projections
- Working with City of New Orleans to refine CY21 Sales Tax Revenue projections
- Keep Service levels to similar levels as current year and within current budget range
  - \$109 million total budgeted Expenses for CY20
- Bond refinancing savings of \$10million for CY21



# ***CY 2021 Budget Discussion with New Management Structure***

## ***Scenario B: Without Cares Act Funding -Decrease Current Level of Operations***

- Operating Revenue Projections (Passenger Fares and Sales Tax) are unstable due to COVID-19, but we are seeing a slight uptick in all revenues since our initial April Projections
- Working with City of New Orleans to refine CY21 Sales Tax Revenue projections
- Budget is working with Departments on modeling budget scenarios at a decreased service levels (similar to COVID-19 operations) for all modes
- Would need to significantly cut costs (as we did not decrease costs in CY20 due to the \$43million in Cares Act funding)
- Bond refinancing savings of \$10million for CY21



# ***Agenda***

## **6. Procurement Items**

### **A. Authorization to Amend:**

- Infinity – Canal Street Ferry Terminal**

### **B. Procurement Status Report**



# ***Agenda***

## **7. New Business**



# ***Agenda***

## **8. Audience Questions and Comments**

**PLEASE NOTE: Persons wishing to submit public comments must either enter their full name in the chat sections of the Zoom meeting to provide comments during the meeting or email your comments to [Marcomm@rtaforward.org](mailto:Marcomm@rtaforward.org) to have your comments read aloud at the meeting.**



# ***Agenda***

## **9. Adjournment**

***Thank You!***

