

# Bond Issuance Strategy

Potential Financing Opportunity for UTA



# Growing Demand for UTA Service

2024 UTA ridership was up 15.5%

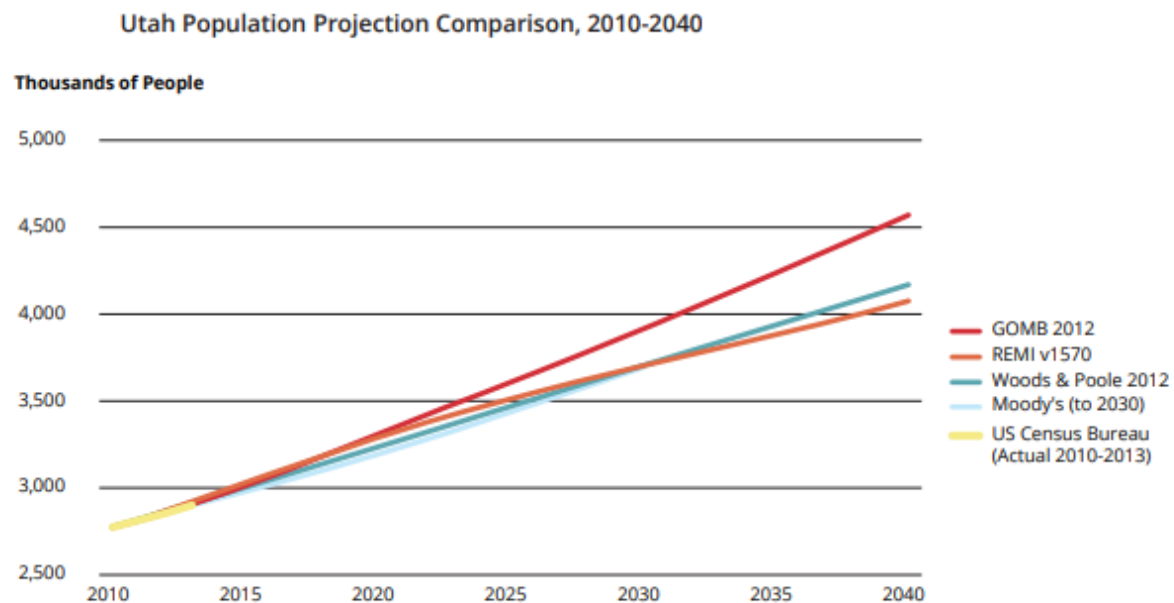
Service Type	2024 Ridership	Year Over Year Change
<b>All UTA Services</b>	<b>40,478,945</b>	<b>+15.5%</b>
Bus Service	20,163,298	+10.1%
Commuter Rail	4,128,459	+10.5%
Light Rail	13,509,954	+26.5%
Paratransit	366,096	+6.6%
Vanpool	1,127,566	+9.1%
Microtransit	567,908	+36.8%



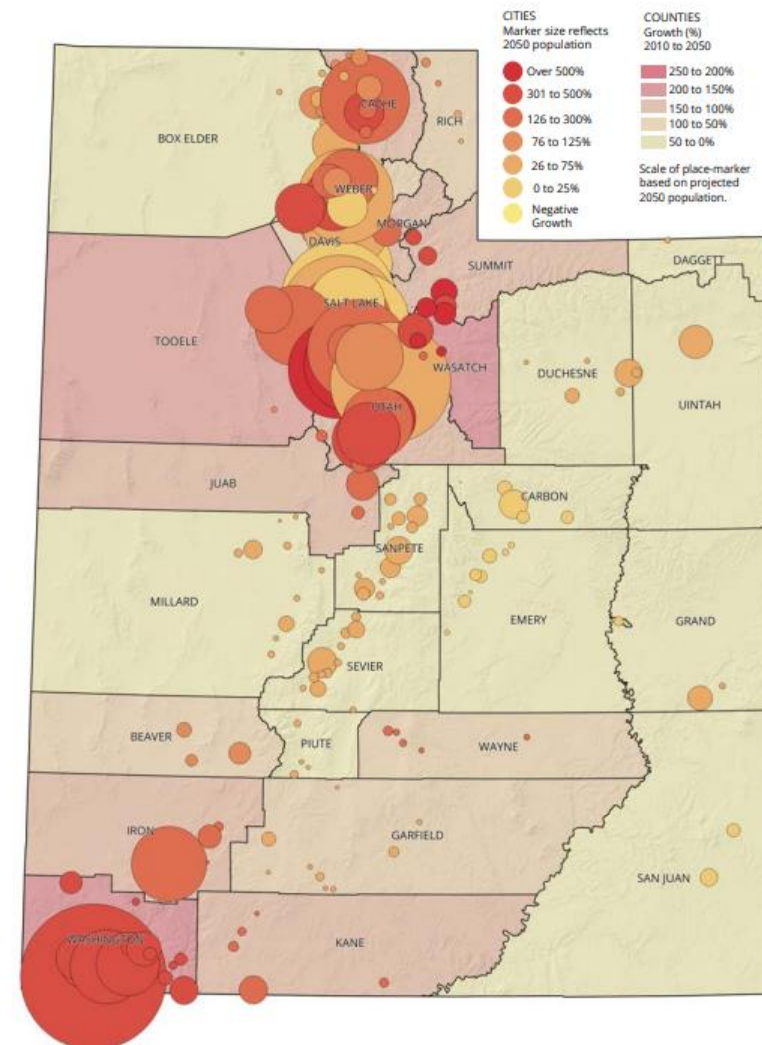
*UTA has recovered to 91.5% of its pre-pandemic ridership (98.5% on bus)*



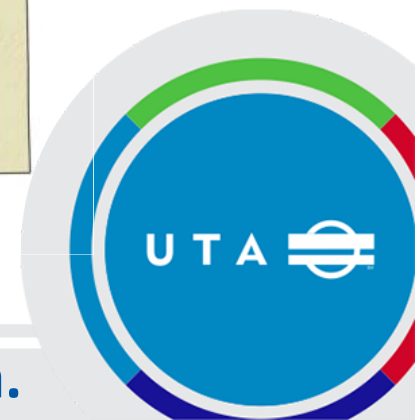
# Utah Population Growth 2050



Sources: Moody's, Woods and Poole, REMI, and US Census Bureau as presented in analysis by GOMB.



Source: Utah AGRC, GOMB, Utah Foundation analysis.



# Capital Funding Sources

UTA has several Capital projects that receive financial support from various sources



Current Year  
Funds  
(Revenue)



Grants



Local Partner  
Contributions



State  
Contributions





Leasing



Bonds



# UTA's Capital Projects for Bonding

Project	Description	Opportunity	Capital Sources
<b>1. Light Rail Vehicle</b> 	Part of the TRAX Modernization Project to upgrade and expand light rail service over the next decade. UTA partnered with Stadler to procure Citylink light rail cars.	UTA has an aging fleet (>25 years) New designs include: accessible low-floor design, door panel LED lighting, storage for up to 4 bicycles	<ul style="list-style-type: none"> <li>• UTA Funds</li> <li>• Grant (\$60 million match)</li> <li>• Bonding</li> </ul>
<b>2. Administrative Building</b> 	Construction of a new Mt. Ogden Administrative Building (12,893 sq ft) with the construction or replacement of 38 bus canopies.	Originally constructed in 1985, the building is undersized (5,262 sq ft) and outdated.	<ul style="list-style-type: none"> <li>• UTA Funds</li> <li>• Bonding</li> </ul>



# Introduction to Potential Financing Opportunities

## I. New Issuance Financing

Evaluate financing strategies to ensure that near-term capital needs can be funded, with estimated financing needs amounting to approximately \$212 million over the next 3 years.

## II. Bond Tender Opportunity

While UTA has now undertaken two tenders to-date, there are an additional \$664 million of taxable bonds that were not previously eligible for a tender but could now be included in a transaction.

## III. Tax-Exempt Refunding of Taxable Bonds

In addition to a bond tender, UTA can consider refunding certain taxable bonds with tax-exempt debt, thereby generating additional savings.



# I. New Issuance Financing

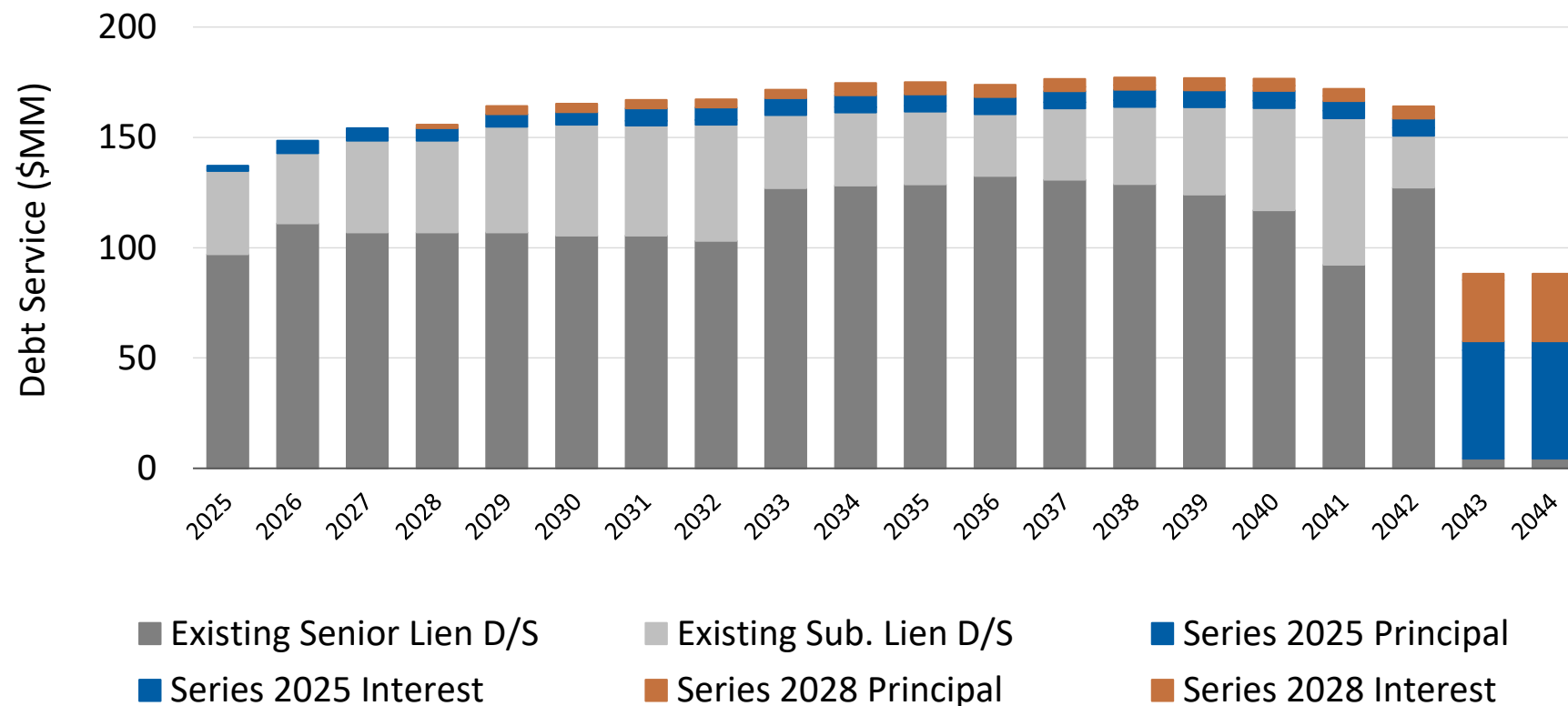
## *UTA is evaluating the potential issuance of new money debt to finance certain critical projects*

- UTA has not issued new money bond issuance since 2019, since that time, sales tax revenues have increased 44%.
- In the current market, long-term Senior Lien Bonds could be sold at an estimated all-in True Interest Cost of 4.34%.
- UTA is contemplating two hypothetical financing tranches of \$128 million (2025) and \$84 million (2028), which represents UTA's approximate borrowing needs over the next 5 years.



# Financing Portions of UTA's Capital Program

## Debt Service Profile: Tranche 1 & Tranche 2 Borrowings





## II. Bond Tender Opportunity

*Current financial market conditions present a unique opportunity for the Authority to generate savings via a tender*

### The Opportunity: Tender Refunding Transaction

- While UTA has now undertaken two tenders to-date, there are an *additional \$664 million of taxable bonds that were not previously eligible for a tender, but could be included in a transaction undertaken in 2025*
- All of these bonds advance refunded several series of bonds with a call date of June 15, 2025, meaning their escrow will expire as of that date, and a transaction could be undertaken beginning 90-days prior (e.g., March 15, 2025)



# Refunding Savings – 2019 Through Today

## UTA Refunding Savings Since 2019

Sale Date	Series	Par Amount	Refunding Type	Refunded Par	NPV Savings (\$)	NPV Savings (%)
11/6/2019	2019B (Senior) 2019 (Sub)	\$247,880,000	Advance Refunding	\$223,135,000	\$11,698,210	5.24%
3/4/2020	2020 (Senior)	216,650,000	Advance Refunding	176,010,000	17,441,638	9.90%
10/28/2020	2020B (Senior)	74,750,000	Advance Refunding	73,600,000	6,862,607	9.32%
10/19/2021	2021 (Senior) 2021 (Sub)	447,845,000	Advance Refunding	397,275,000	20,154,295	5.07%
10/3/2023	2023 (Senior)	77,600,000	Tender	101,175,000	6,290,481	6.21%
8/28/2024	2024 (Senior) 2024 (Sub)	540,340,000	BABs Refunding Tender MWC Refunding	570,875,000	71,579,124 <sup>1</sup>	12.53% <sup>1</sup>

*Since 2019, UTA executed refinancing transactions that saved \$134 million on a NPV basis*

*(1) Series 2024 refinancing savings figures are gross of the BABs subsidy*

**Agenda Item 7. a.**

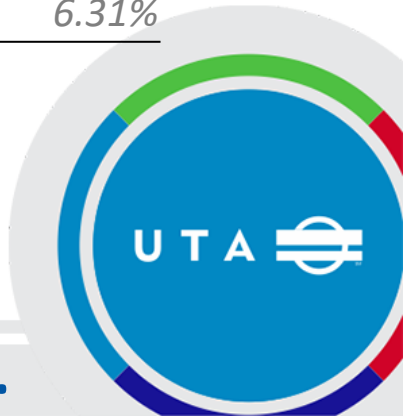


# Tender Scenario

## 2025 UTA Tender Candidates | Summary Tender Savings by Series

Candidates			100% Tender of Bonds w/ >\$0 NPV Savings			30% Success Rate of >\$0 NPV Savings		
Series	Lien	Escrow Expiration	Refunded Par	NPV Savings	% Savings	Refunded Par	NPV Savings	% Savings
2020	Snr	June 2025	\$190,510,000	\$11,210,060	5.88%	\$57,155,000	\$3,363,018	5.88%
2021	Snr	June 2025	399,315,000	18,843,251	4.72%	119,795,000	5,652,975	4.72%
2021	Sub	June 2025	15,270,000	1,289,596	8.45%	4,580,000	386,879	8.45%
2019	Sub	June 2025	59,070,000	5,021,564	8.50%	17,720,000	1,506,469	8.50%
<b>Total</b>			<b>\$664,165,000</b>	<b>\$36,364,472</b>	<b>5.48%</b>	<b>\$199,250,000</b>	<b>\$10,909,342</b>	<b>5.48%</b>
2020B*	Snr	June 2022	\$62,625,000	\$4,525,277	7.23%	\$18,790,000	\$1,357,583	7.23%
2019B*	Snr	June 2022 / 2025	94,725,000	5,980,416	6.31%	28,420,000	1,794,125	6.31%

Assumptions: Bloomberg rates as of 3/13/2025, Delivery Date: 7/15/2025, \$5/bond Costs of Issuance, \$2.70/bond Tender Costs, and a Tender Price calculated as of 3/13/2025, \*Previously tendered



### III. Tax-Exempt Refunding of Taxable Bonds

*Current market dynamics have created a unique situation where the Authority may also be able to refinance its eligible taxable bonds for savings on a tax-exempt basis*

- For all of the UTA taxable bonds (tender candidates), under current tax law, the IRS has indicated that it will allow a tax-exempt refunding of taxable refunding bonds once the original escrow purchased with taxable proceeds has been fully expired
- In order to achieve a higher eligible investment rate, UTA could combine a new bond issuance with a refinancing of the newly eligible taxable bonds, and reinvest proceeds for the refunded bonds
- Refunding select taxable debt –could allow for an ***additional \$4.7 million of NPV savings, including \$6.3 million in gross savings over the next 10-years<sup>1</sup>***

*(1) Bloomberg & Thomson Financial as of 3/14/2025; assumes 30% of the taxable bonds are tendered*



UTA – Utah Transit Authority  
 MA – Municipal Advisor  
 BC – Bond Counsel  
 BU – Bond Underwriter

# Potential Financing Schedule

Date	Item	Party
23-Apr	UTA Board Meeting to Discuss Bond Financing Opportunities	UTA
5-May	Meeting with Treasurer Marlo Oaks and Kirt Slaugh to discuss UTA proposal to State Finance Review Commission	UTA, MA, BC
7-May	UTA Local Advisory Council meeting to consult on new money and refunding	UTA, MA
12-May	Presentation and Approval of Bond Issuance by State Finance Review Commission	UTA, MA
14-May	UTA Board Meeting to consider adoption of Bond Authorizing Resolution	UTA
19-May	Notice of Intent to Issue Bonds posted to Utah Public Meeting Notice website (begin 30-day contest period)	UTA, BC
20-May	Materials sent to Rating Agency	MA
28-May	Rating Agencies meetings	UTA, MA



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## Potential Financing Schedule

Date	Item	Party
11-Jun	UTA Board Meeting: Public Hearing and Request Approval of Preliminary Official Statement	UTA, MA, BC
11-Jun	Ratings received / CPI Release	ALL
12-Jun	Post Invitation to Tender and Preliminary Official Statement	ALL
18-Jun	FOMC Meeting	ALL
20-Jun	30-day contest period ends	ALL
20-Jun	Post Pricing Notice for Tender	UTA, MA, BU
27-Jun	Tender Expiration	ALL
30-Jun	Preliminary notice of acceptance and pre-market Series 2025 bonds	UTA, MA, BU
1-Jul	Negotiated bond sale, execution of Bond Purchase Agreement. Lock prices on tendered bonds based on UST yields	UTA, MA, BU
2-Jul	Post Taxable Purchase Price and Final Notice of Acceptance	UTA, MA, BU
15-Jul	Bond closing and Close Tender	ALL

