



# Massachusetts Bay Transportation Authority

## MBTA 2024 Bond Authorization MBTA Audit & Finance Subcommittee

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May 9, 2024

*Patrick Landers III, Treasurer*

# Introduction

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The MBTA is requesting authorization to issue Sales Tax Bonds to:

1. Fund a portion of our Capital Investment Plan (CIP),
2. Refund outstanding debt obligations for net present value savings, budgetary relief and risk mitigation,
3. Reach bondholder consent on proposed amendments to the Sales Tax Trust Indenture related to the calculation of the Senior Sales Tax Bonds Debt Service Reserve Requirement (DSRF).



# Fund a Portion of the CIP

The MBTA is requesting authorization to issue Sales Tax Bonds in amounts sufficient to accomplish the following:

	<b>Net Proceeds Not To Exceed (in millions)</b>	<b>Comments</b>
<b>Senior Sales Tax Bonds</b>	\$700.0	Fixed Rate
<b>Subordinated Sales Tax USDOT Loan</b>	\$300.0	Fixed Rate
<b>Total</b>	\$1,000.0	

## Structuring Considerations:

- The amortization structure will take into account the **operating budget needs of the Authority for FY25-FY26** by deferring both principal and interest.
- The new money proceeds will also restore the commercial paper program capacity.
- The bonds will amortize over the useful life of projects financed.
- The Authority will also seek to tactically issue principal **to fill in troughs and avoid spikes in debt service** to continue its goal of smoothing out debt service and making it more consistent over time for the operating budget.



# Refund outstanding debt obligations

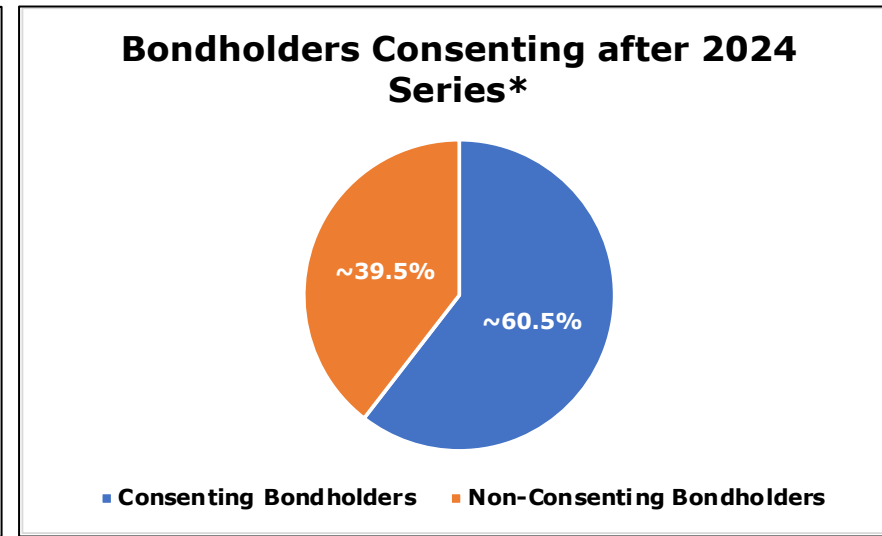
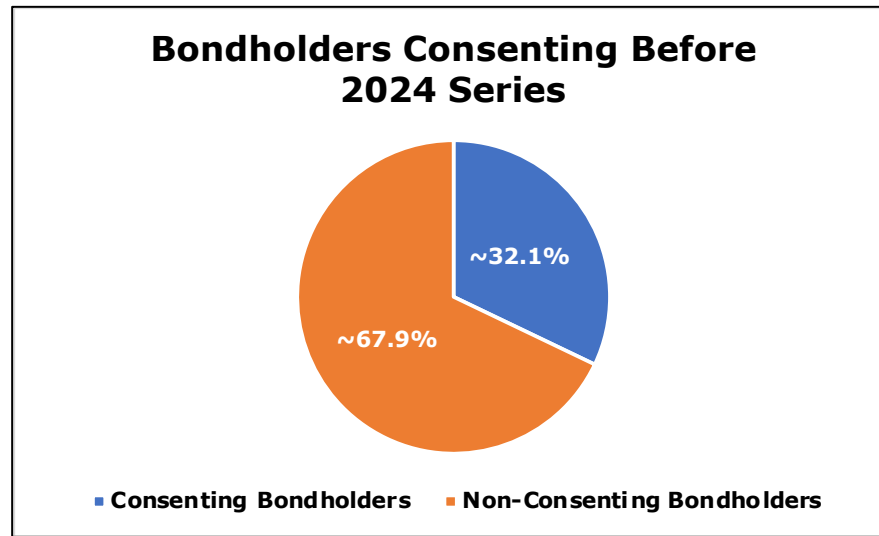
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- The MBTA intends to **refinance up to \$61.4 million of its outstanding 2014 Series A Bonds** on a current basis with refunding bonds for savings.
- The MBTA also intends to **refinance up to \$377 million of its taxable outstanding 2009 Series C Bonds and 2010 Series D Bonds**, known as Build America Bonds ("BABs") using its extraordinary optional redemption provision.
- The combination of refunding the 2014 Series A and the BABs refunding bonds, along with the New Money Bonds will help MBTA reach majority consent on its amendments and release a portion of the DSRF.



# Reach bondholder consent on proposed amendments to the Sales Tax Trust Indenture

With majority consent of Senior Sales Tax bondholders we anticipate triggering a covenant which would **trigger a release of a portion of DSRF funds estimated at ~\$50M** by changing the reserve from series-by-series to aggregate.



*\*Preliminary, subject to change.*



# Anticipated Timeline

EVENT	DATE
MBTA Audit & Finance Subcommittee Meeting	May 9, 2024
MBTA Board Meeting	May 23, 2024
Calls with Rating Agencies	TBD
Due Diligence Call	TBD
Bond Sale	Week of June 17, 2024*
Closing/Transfer of Funds	July 2, 2024*

*\*Preliminary, subject to change.*

