



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 4/7/2022		4/20/2022		BOARD INITIATED ITEM: Yes	
Originator/Prepared by: Michaela Morales Dept: Finance Administration Signature/Date: 4/19/2022	General Counsel DocuSigned by: <i>Jana Belan</i> F8FD7B3A73E74E8... 4/19/2022 []	Controller/Treasurer DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD... 4/19/2022 []	District Secretary []	BARC DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5... 4/19/2022 []	

AUTHORIZE THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS (ELECTION OF 2004), 2022 REFUNDING SERIES H (FEDERALLY TAXABLE) (Green Bonds)

PURPOSE:

To request Board adoption of a resolution, if sufficient savings can be achieved, which authorizes the issuance and sale of not to exceed \$60 million in General Obligation Bonds (Election of 2004), 2022 Refunding Series H (Federally Taxable) (Green Bonds) (the "Refunding Bonds"). Furthermore, to seek Board authorization for the Interim Controller-Treasurer to (1) enter into a Bond Purchase Agreement with the Underwriters selected from the District's Underwriters Pool to provide the District with underwriting services in the issuance of the Bonds, (2) to implement the preparation, execution and delivery of the necessary documents including the Preliminary Official Statement, the Official Statement, Supplemental Paying Agent Agreement or Trust Agreement, Bond Purchase Agreement, Continuing Disclosure Agreement and related agreements and, (3) to attend rating agency meetings and to negotiate "Green Bonds" certification agreements, if any, in connection with the issuance of the Bonds.

DISCUSSION:

In 2022, the District intends to issue not to exceed \$60 million of voter approved General



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Obligation Bonds, if sufficient net present value savings can be achieved per the District's Debt Policy. Proceeds of the Refunding Bonds will be used to refund outstanding bonds issued pursuant to Measure AA to achieve debt service savings and to pay costs of issuance of the bonds.

The proposed resolution will authorize the Interim Controller-Treasurer to negotiate the structure, financing and cost of issuance of the Bonds. In addition, the resolution authorizes the preparation, execution, and delivery of the necessary documents including the Preliminary Official Statement, the Official Statement, Supplemental Paying Agent Agreement or Trust Agreement, Bond Purchase Agreement, Continuing Disclosure Agreement and related agreements, and payment to cover the costs of issuance as well as the negotiation of green bond certification agreements, if any, in connection with issuance of General Obligation Bonds (Election of 2004), 2022 Refunding Series H (Federally Taxable) (Green Bonds). Due to current U.S. tax law, only taxable bonds may be issued to advance refund the District's outstanding General Obligation Bonds at this time.

The District advertised the RFP for underwriting services to the nine members of the District's Underwriting Pool on December 9, 2021, and received nine proposals on January 6, 2022. The Selection Committee performed a technical evaluation of the proposals. The Selection Committee ranked these proposals and recommended Stifel, Nicolaus and Company, Incorporated as Senior Manager, Barclays Capital Inc. and Siebert Williams Shank & Co., LLC as Co-Senior Managers, and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as Co-Managers.

Consistent with BART Debt Policy, BART anticipates issuing the Bonds as "Green Bonds" that are "Climate Bond Certified" by the Climate Bonds Initiative under the low carbon land transport criteria established by the Climate Bonds Standard & Certification Scheme. Green Bonds typically finance projects that have positive environmental and/or climate benefits. The projects financed by the Refunded Bonds and the use of the proceeds of the Refunding Bonds to refinance such projects will assist BART in providing mass transit services which are electrically powered and thus reduce the amount of carbon dioxide that would otherwise be released if BART riders used automobiles.

FISCAL IMPACT:

The District proposes to issue the Refunding Bonds in the total principal amount not to exceed \$60 million. The savings to be achieved from refunding existing debt at lower interest rates will reduce debt service cost which will be passed on to District property taxpayers

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through lower tax assessments. The amount of the savings will depend on prevailing interest rates at the time the bonds are sold. The cost of issuance for underwriting, legal counsel, financial advisors, rating agencies, trustee services, and other auxiliary fees is estimated not to exceed 1% of principal amount of Refunding Bonds issued and will be paid out of the proceeds.

Interest and principal on the General Obligation Bonds will be paid through assessed ad valorem taxes on all property in the three BART District counties. No General Obligation Bond debt service will be borne by District general fund revenues.

ALTERNATIVES:

The District may elect not to issue the Refunding Bonds at this time, which would mean no debt service savings would be available with respect to bonds currently outstanding.

RECOMMENDATION:

To authorize the issuance of the Bonds and for the Interim Controller-Treasurer to negotiate the structure, financing and cost of issuance for the Refunding Bonds, and execute and deliver all documents necessary for their issuance.

MOTION:

The Board adopts the attached resolution, incorporated herein as if set forth in full, authorizing and approving the issuance and sale, if sufficient savings are achieved, of not to exceed \$60 million aggregate principal amount of the Refunding Bonds, and authorizing the preparation, execution and delivery of agreements and documents in connection therewith.