



Sacramento Transportation Authority

Market and Debt Portfolio Update

March 2022 Update

PFM Financial
Advisors LLC

44 Montgomery St
3rd Floor
San Francisco, CA
94104

415.982.5544 office
pfm.com



Table of Contents

1. Market Update
2. Debt Overview and Refunding Savings Potential

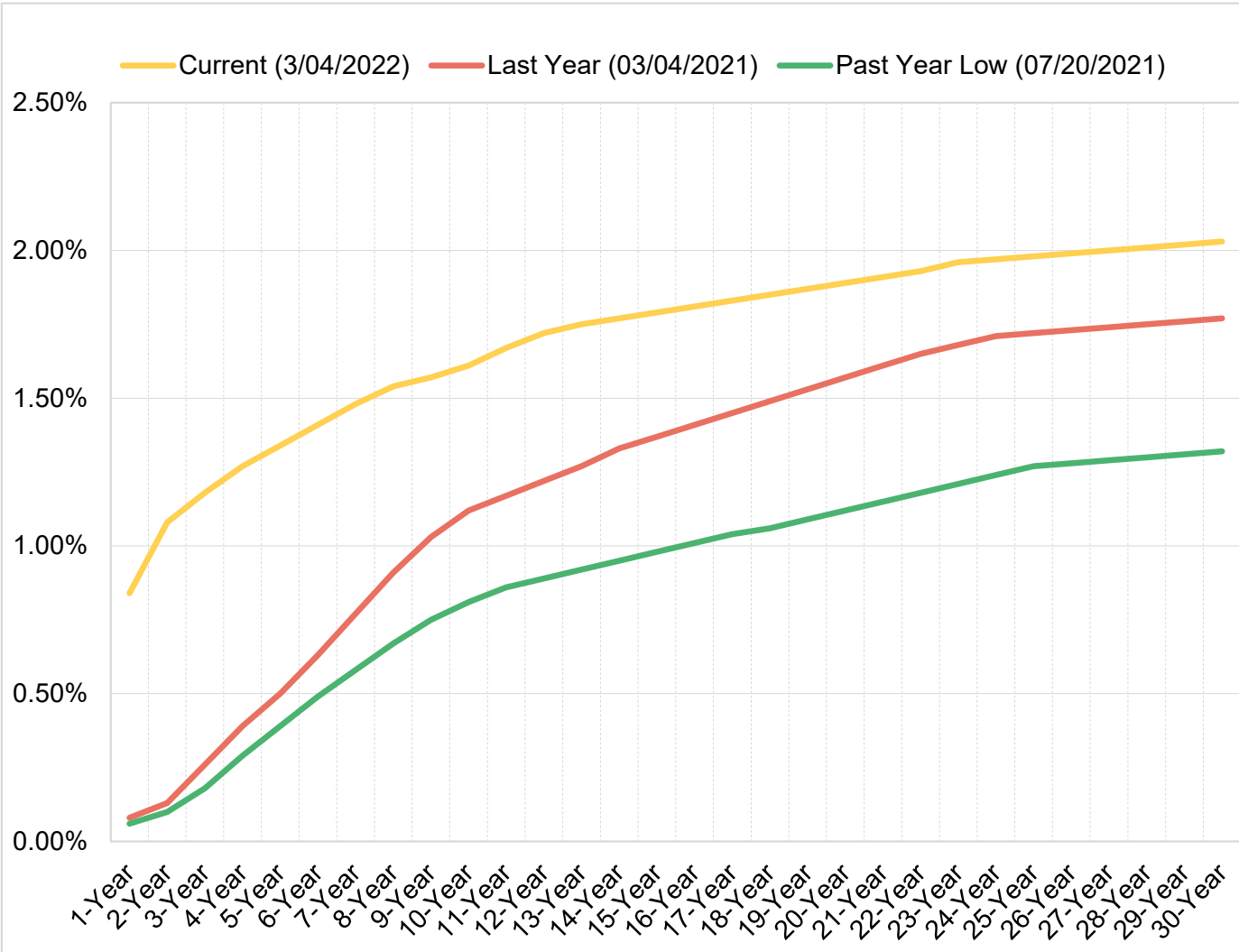


Market Update



Recent AAA MMD Yield Curve Movement

AAA MMD Yield Curve Movement



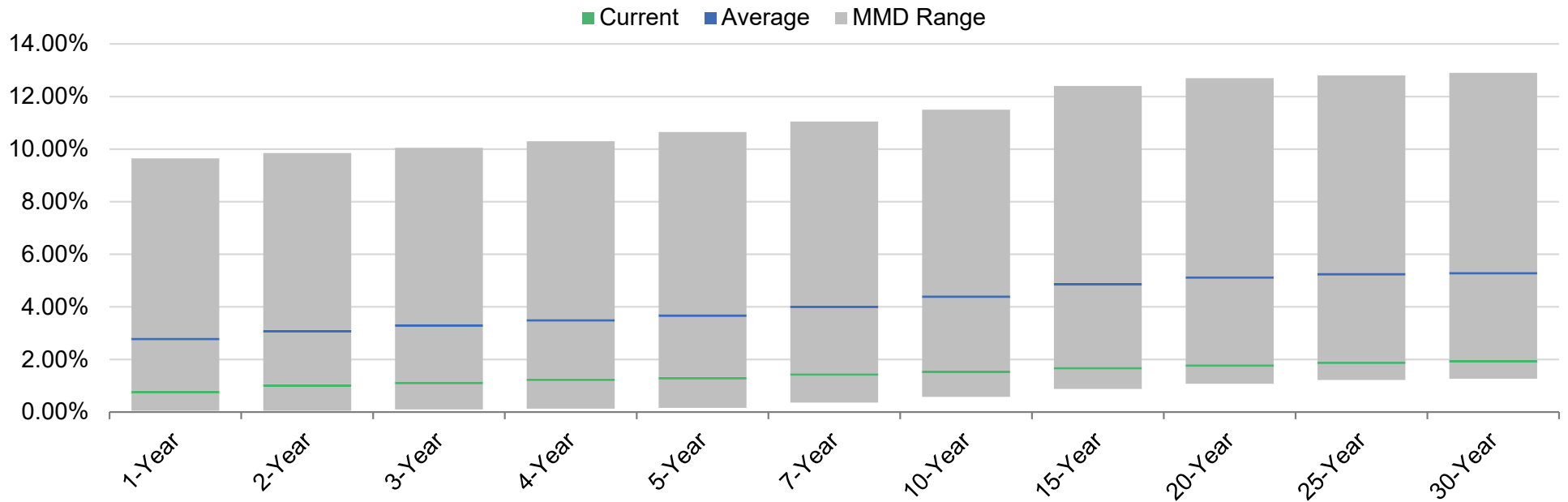
Maturity	AAA MMD 3/04/2022	Δ Since 03/04/2021	Δ Since 07/20/2021
1-Year	0.84%	0.76%	0.78%
2-Year	1.08%	0.95%	0.98%
3-Year	1.18%	0.92%	1.00%
4-Year	1.27%	0.88%	0.98%
5-Year	1.34%	0.84%	0.95%
6-Year	1.41%	0.78%	0.92%
7-Year	1.48%	0.71%	0.90%
8-Year	1.54%	0.63%	0.87%
9-Year	1.57%	0.54%	0.82%
10-Year	1.61%	0.49%	0.80%
11-Year	1.67%	0.50%	0.81%
12-Year	1.72%	0.50%	0.83%
13-Year	1.75%	0.48%	0.83%
14-Year	1.77%	0.44%	0.82%
15-Year	1.79%	0.42%	0.81%
16-Year	1.81%	0.40%	0.80%
17-Year	1.83%	0.38%	0.79%
18-Year	1.85%	0.36%	0.79%
19-Year	1.87%	0.34%	0.78%
20-Year	1.89%	0.32%	0.77%
21-Year	1.91%	0.30%	0.76%
22-Year	1.93%	0.28%	0.75%
23-Year	1.96%	0.28%	0.75%
24-Year	1.97%	0.26%	0.73%
25-Year	1.98%	0.26%	0.71%
26-Year	1.99%	0.26%	0.71%
27-Year	2.00%	0.26%	0.71%
28-Year	2.01%	0.26%	0.71%
29-Year	2.02%	0.26%	0.71%
30-Year	2.03%	0.26%	0.71%

Source: Refinitiv TM3



AAA MMD Position Since Inception

AAA MMD Rate Position
(June 8, 1981, Inception to February 28, 2022)



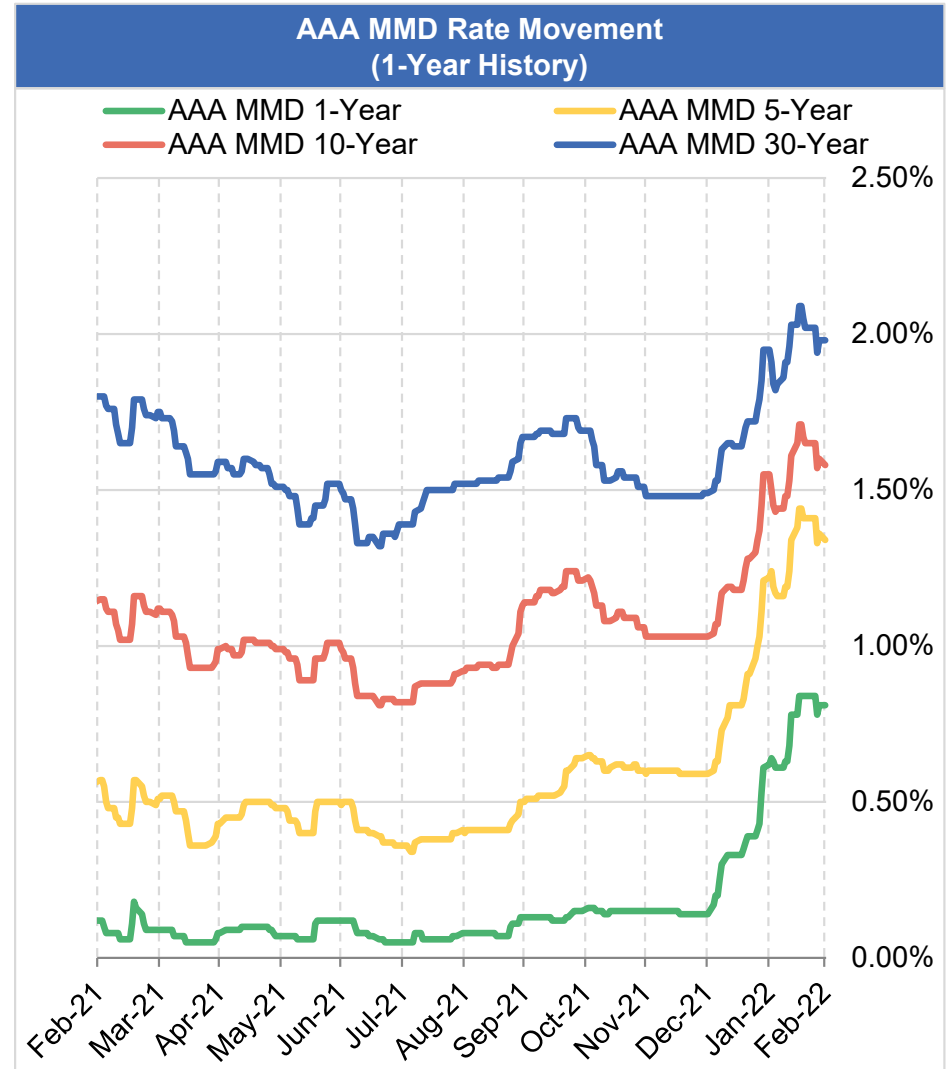
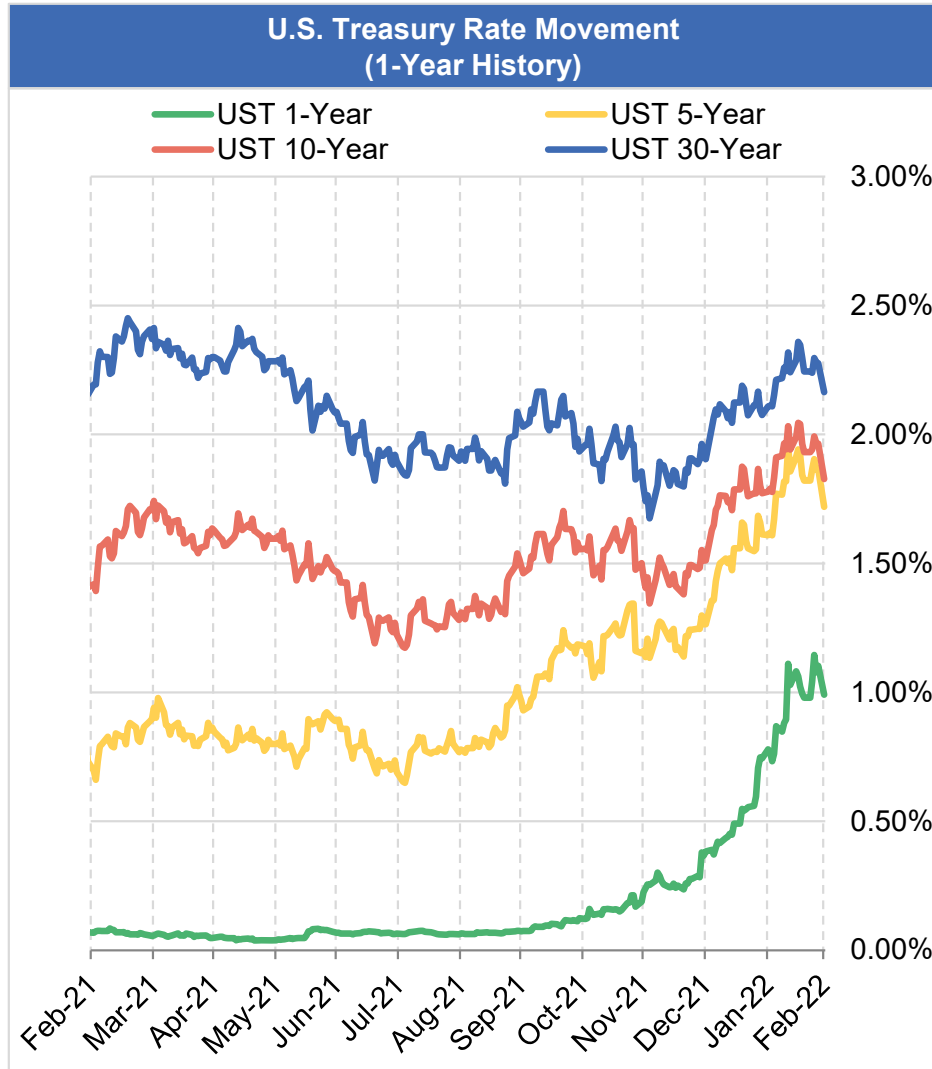
Summary of February 1, 2022 vs. Historical (since Inception) MMD Rates

Statistic	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
February 28, 2022	0.81%	1.06%	1.16%	1.28%	1.34%	1.48%	1.58%	1.72%	1.82%	1.93%	1.98%
Historical Average	2.83%	3.13%	3.35%	3.54%	3.72%	4.05%	4.44%	4.91%	5.17%	5.29%	5.33%
Spread to Average	-2.02%	-2.07%	-2.19%	-2.26%	-2.38%	-2.57%	-2.86%	-3.19%	-3.35%	-3.36%	-3.35%
Minimum	0.05%	0.05%	0.10%	0.13%	0.16%	0.36%	0.58%	0.88%	1.08%	1.22%	1.27%
Maximum	9.65%	9.85%	10.05%	10.30%	10.65%	11.05%	11.50%	12.40%	12.70%	12.80%	12.90%
% of Time Lower	24.38%	25.90%	25.56%	23.54%	20.20%	13.11%	7.37%	6.01%	5.39%	5.31%	5.31%

Source: Thomson Reuters



U.S. Treasury & AAA MMD Rate Movement



Source: Thomson Reuters



Interest Rate Forecasts

- Based on Fed funds futures, the market currently anticipates a rate hike in Q1 and rapidly increasing rate hikes in subsequent quarters.

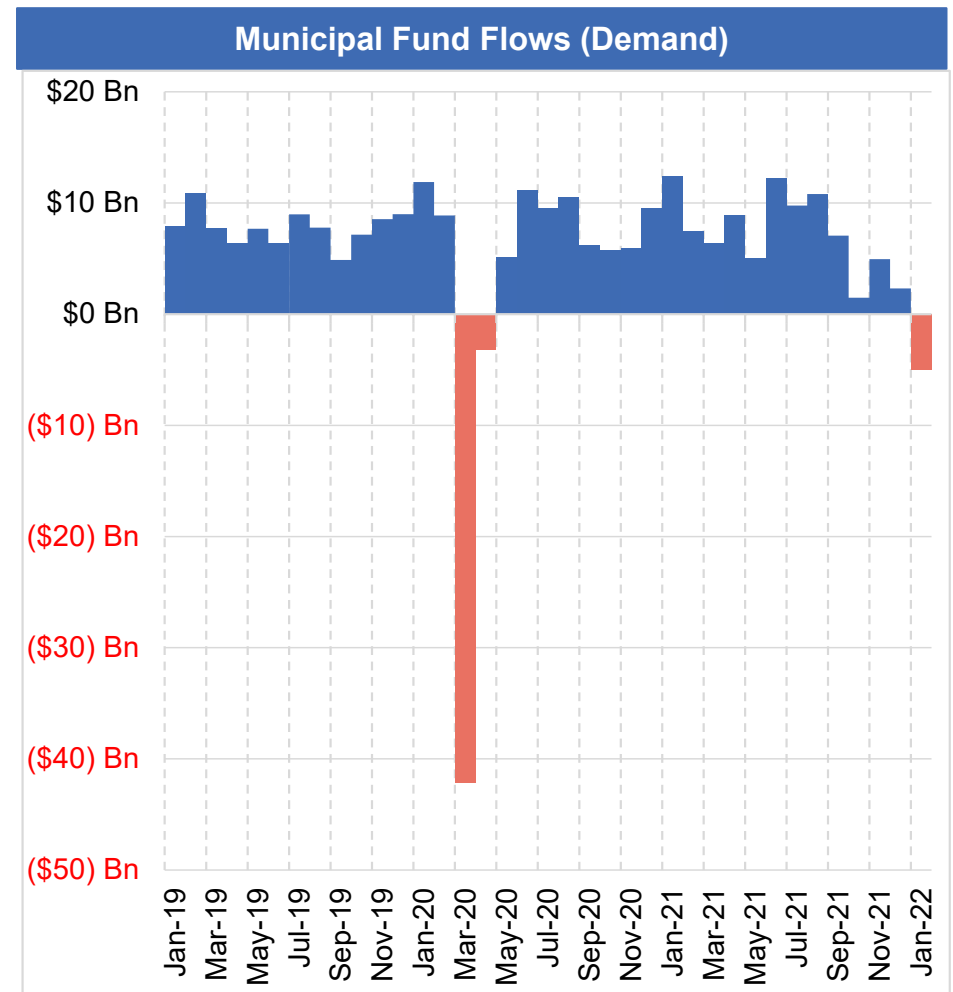
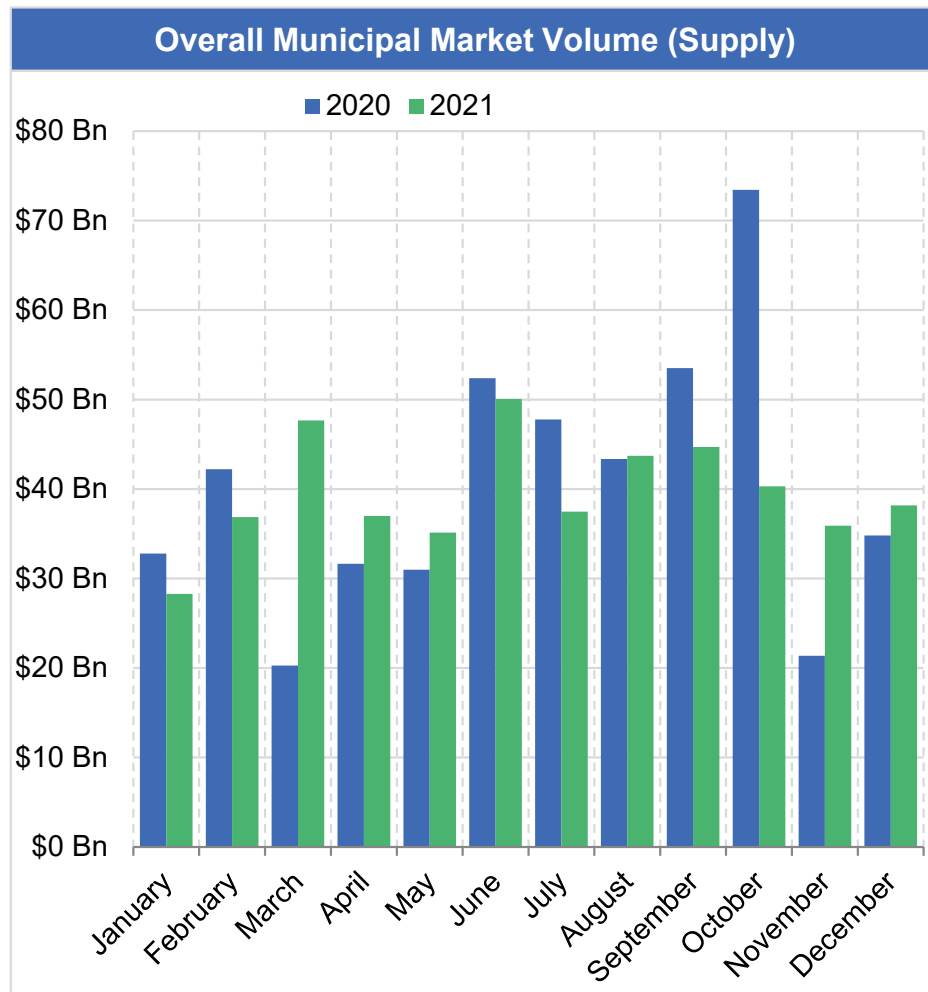
The Street's Interest Rate Forecast (As of March 7, 2022)										
Average Forecasts	Current	Q1 22	Q4 Δ vs. Current	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
30-Year UST	2.17%	2.23%	2.35%	2.43%	2.52%	2.61%	2.68%	2.69%	2.74%	3.00%
10-Year UST	1.77%	1.90%	2.03%	2.12%	2.21%	2.28%	2.37%	2.41%	2.47%	2.61%
2-Year UST	1.53%	1.27%	1.44%	1.57%	1.69%	1.82%	1.94%	2.04%	2.12%	2.27%
3M LIBOR	0.61%	0.48%	0.79%	1.07%	1.27%	1.47%	1.65%	1.86%	1.98%	2.08%
Fed Funds Target Rate (Lower)	0.00%	0.25%	0.61%	0.89%	1.13%	1.32%	1.51%	1.71%	1.85%	1.95%

Source: Bloomberg



Municipal Market Supply & Demand

- 2021 issuance volume (\$475 billion) was 1.9% lower than 2020 issuance (\$484 billion).
- For the week ending January 19th, municipal bond funds saw the first outflows since March 2020



Source: Bond Buyer, Investment Company Institute



Debt Overview and Refunding Potential



Outstanding Obligations

- ◆ The Authority currently has \$348.7 million of outstanding bonds

Debt Summary

SERIES	OUTSTANDING PAR	FINAL MATURITY	MODE	SBPA	EXPIRATION	REMARKETING AGENT
2009C	\$106,100,000	10/1/2038	Weekly VRDB	US Bank N.A. SBPA	11/20/2022	US Bank
2012	\$30,400,000	10/1/2027	Fixed Rate	N/A	N/A	N/A
2014A	\$106,100,000	10/1/2038	Weekly VRDB	Sumitomo Mitsui Banking Corp.	10/31/2024	Wells Fargo
2015A	\$106,100,000	10/1/2038	Weekly VRDB	Sumitomo Mitsui Banking Corp.	5/15/2023	JP Morgan
TOTAL	\$348,700,000					

- ◆ The Authority's three swaps have a market value of -\$90.3 million

Swaps Summary

ASSOCIATED SERIES	AUTHORITY PAYS	AUTHORITY RECEIVES	EFFECTIVE DATE	TERMINATION DATE	NOTIONAL AMOUNT	COLLATERAL THRESHOLD AMOUNTS Aa3/AA+	COUNTERPARTY	CURRENT MARKET VALUATION
2009C	3.736%	67% of 1-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	Bank of America N.A.	(\$30,757,333.87)
2014A	3.736%	67% of 1-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	Goldman Sachs Capital Markets	(\$30,761,629.67)
2015A	3.666%	67% of 3-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	JP Morgan Chase Bank N. A	(\$28,824,372.51)
TOTAL					\$318,300,000			(\$90,343,336.05)

Market Valuations are dated 2/1/2022



Debt Service Schedule

Year	FY2021 Revenues	Series 2009C Debt Service ^{1 3}	Series 2012 Debt Service	Series 2014A Debt Service ^{1 3}	Series 2015A Debt Service ^{2 3}	Total Existing Debt Service	Annual Debt Service Coverage
2021	153,560,000	4,344,825	5,862,750	4,379,791	4,165,775	18,753,141	8.19x
2022	153,560,000	4,532,772	5,860,875	4,387,346	4,262,653	19,043,647	8.06x
2023	153,560,000	4,532,772	5,863,625	4,387,346	4,262,653	19,046,397	8.06x
2024	153,560,000	4,534,393	5,865,125	4,388,588	4,263,917	19,052,023	8.06x
2025	153,560,000	4,532,641	5,864,875	4,387,237	4,262,522	19,047,275	8.06x
2026	153,560,000	4,532,772	5,862,375	4,387,346	4,262,653	19,045,147	8.06x
2027	153,560,000	4,532,772	5,862,000	4,387,346	4,262,653	19,044,772	8.06x
2028	153,560,000	4,534,393	5,863,000	4,388,588	4,263,917	19,049,898	8.06x
2029	153,560,000	11,872,497	-	11,634,285	11,513,920	35,020,702	4.38x
2030	153,560,000	12,139,400	-	12,111,858	11,902,690	36,153,949	4.25x
2031	153,560,000	12,184,813	-	11,968,646	11,969,233	36,122,693	4.25x
2032	153,560,000	12,116,391	-	12,111,819	11,922,588	36,150,798	4.25x
2033	153,560,000	12,130,694	-	12,036,665	11,960,048	36,127,407	4.25x
2034	153,560,000	12,129,200	-	12,048,040	11,982,485	36,159,724	4.25x
2035	153,560,000	12,110,530	-	12,042,802	11,988,764	36,142,096	4.25x
2036	153,560,000	12,075,292	-	12,021,422	12,077,370	36,174,083	4.25x
2037	153,560,000	12,119,753	-	12,080,607	11,949,057	36,149,416	4.25x
2038	153,560,000	12,045,582	-	12,021,644	12,103,147	36,170,373	4.25x
2039	153,560,000	12,052,151	-	12,044,042	12,037,110	36,133,303	4.25x
TOTAL (2022-2039)	2,764,080,000	164,708,820	41,041,875	162,835,627	161,247,382	529,833,704	4.25x

1. The net hedged rate for the Series 2009C and 2014A bonds is 3.6478%

2. The net hedged rate for the Series 2015A bonds is 3.5211%

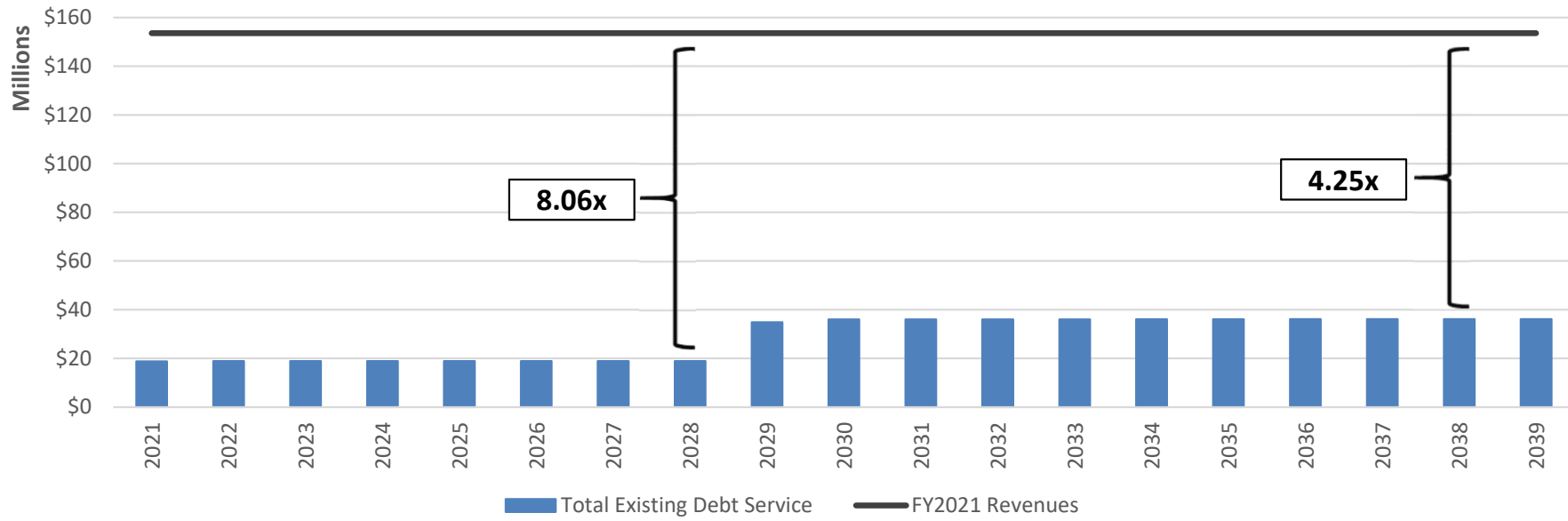
3. Includes liquidity and remarketing fees



Strong Debt Service Coverage

- Annual Debt Service ranges from \$18.8 million in FY2021 to \$36.1 million in FY2039
- Annual debt service coverage (with FY2021 revenues)
 - Annual DS coverage through 2028 = 8.06x
 - MADS coverage = 4.25x

Total Debt Service





Refunding the 2012 Bonds - Assumptions

◆ Refunding of 2012 Bonds

- Delivery Date: 7/1/2022
- Bond term: 5-year final maturity
- Structure: Uniform Savings
- Borrowing Rates: MMD (as of 3/7/2022), plus credit spreads (-2 to 0 bps), plus 20 basis point cushion
- Coupons: 5% coupons
- Cost of Issuance: \$400,000
- Underwriter's discount: \$3/bond
- Full DSRF Release (\$5,659,878.66) – DSRF applied to Cost of Issuance and remaining placed in project fund



Refunding Analysis

	2012 Current Refunding
	2022 Update
Par Amount	\$23,860,000
Par Amount of Refunded Bonds	25,945,000
Refunded Maturities	2023-2027
Savings (Total)	\$2,728,625
Savings (NPV, net of DSRF release)	\$2,235,084
Percentage savings of refunded bonds	8.61%
TIC	1.51%
Escrow Deposit	\$27,886,000
DSRF Release to Project Fund	\$5,259,879
Total Debt Service	\$27,739,688



Next Steps

- ◆ March: Engage legal and underwriting team - document preparation
- ◆ April: Meet with rating agencies – S&P and Fitch
- ◆ May: Present documents to Board for consideration and approval
- ◆ May: Bond pricing for Series 2022 Refunding Bonds
- ◆ July: Close transaction and release DSRF for projects
- ◆ October: Call and redeem the Series 2012 Bonds