KNN public finance

MEMORANDUM

Date: August 23, 2019

To: Technical Transportation Advisory Committee
Santa Barbara County Association of Governments

From: KNN Public Finance

Re: Measure A Cash Flow Modeling for Strategic Planning (UPDATED)

This Memo continues the cash flow modeling efforts and analyses that Santa Barbara County Association of Governments (SBCAG) staff, with assistance from KNN Public Finance (KNN), have prepared in connection with SBCAG's Strategic Planning efforts for Measure A.

In July 2018, SBCAG staff convened a Technical Transportation Advisory Committee (TTAC) meeting with representatives from each jurisdiction under Measure A to review Measure A cash flow projections. The TTAC gave SBCAG staff and KNN direction to analyze several financing scenarios to address the projected Measure A Fund (Fund) deficits, including the potential use of current and projected funds in the RSTP Reserve (RSTP).

The initial meeting with TTAC was followed by a series of further cash flow analyses and funding scenarios that were presented in subsequent meetings with TTAC over the months of August 2018 through October 2018. Further, in November 2018, the California voters did not support the proposed repeal of Senate Bill 1 – which allows SBCAG and Caltrans to continue to pursue critical state matching funds necessary to deliver the U.S. 101 HOV improvements and supports the implementation of Measure A cash flow as envisioned.

Following feedback received from TTAC with regard to the preferred cash flow model scenarios, this Memo details an updated Base Case cash flow projection and two financing scenarios designed to address the projected cash flow deficit under the Base Case. We provide an overview of assumptions and revised scenarios below:

Cash Flow Model Assumptions

- **Projected Revenues:** In November 2018, SBCAG received updated Measure A revenue estimates from HdL through FY 2023-24. These new revenue projections have been incorporated into the cash flow model. The table below displays the prior assumed revenue growth versus the revised projections provided by HdL. We note that the larger year-over-year variations in FY 2018-19 and FY 2019-20 relate to the timing of clean up payments in 2Q17 and missing 2Q18 payments from the California Department of Tax and Fee Administration.

Fiscal Year Ending June 30	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24*	FY 24-25	FY 25-26	FY 26-27	10-YR Average
Prior Measure A Revenue Growth Assumptions	3.5%	0.4%	1.1%	1.0%	1.0%	1.0%	3.0%	3.0%	3.0%	3.0%	2.0%
Revised Measure A Revenue Growth Assumptions	3.5%	8.2%	-4.6%	0.4%	0.9%	1.3%	1.5%	3.0%	3.0%	3.0%	2.0%
	Actual	Based on Forecast Provided by HdL						Long-Term Average Growth Rate of Measure A Revenues			

*HdL extended forecast period to FY 23-24 in the November 2018 revenue projection. Prior growth assumption for FY 23-24 assumed 3%.

Overall, however, the average growth rate over the 10-year forecast period remains unchanged from prior assumptions at 2%.

- **Actual Expenditures:** SBCAG staff updated Measure A expenditure data in late February 2019 to reflect projected costs through 2040 in addition to expenditures for the remaining named projects.

- **Projected Expenditures:** Following the February 2019 TTAC meeting, SBCAG staff updated projected Measure A expenditure data to address narrow cash balances in FY 2019-20 and FY 2020-21. Certain of the projected projects in these fiscal years where pushed back a year or two to allow for a stronger cash cushion in FY 2019-20 and FY 2020-21. SBCAG staff also revised the projected expenditure methodology in Fund 5308 such that a portion of expenditures are based on a percentage of Total Available Revenues and not entirely fixed.

Cash Flow Model Scenarios:

In July and August KNN worked with SBCAG staff to update the cash flow model scenarios have to incorporate refinements to Scenario 2 – "Scenario 2 (Clarified)". From a policy perspective, the primary difference between Scenario 2 and Scenario 2 (Clarified) is the timing and application of the RSTP funds. Scenario 2 begins use of RSTP in FY 2021-22 to offset overall Fund 5308 expenditures to maintain a Measure A minimum cash balance of $5million. Scenario 2 (Clarified), however, draws on RSTP funds as soon as FY 2019-20 and rather than using Measure A resources applies RSTP funds to offset planned expenditures for the U.S. 101 HOV project and parallel projects.

While Scenario 2 and Scenario 2 (Clarified) represent varying Measure A and RSTP cash flows and uses over the forecast period, the overall *financial* result of each approach remains consistent with the prior Scenario 2 and each compares similarly or identical to Scenario 1. Thus, from a financial perspective, the memo also collectively refers to Scenario 2 and Scenario 2 (Clarified) as "Scenario 2".

- **Base Case:** The updated cash flow model assumptions and projections produce annual deficit spending (i.e. expenditures greater than revenues) beginning in FY 2017-18 and extending through FY 2019-20; however, it is assumed that SBCAG utilizes available cash balances in the Fund to maintain a positive cash flow. Beginning in FY 2021-22 cash balances become negative at $19.8 million, growing to a deficit of $94.1 million in FY 2026-27.

- **Scenario 1:** Utilizes bond financings in FY 2021-22 and FY 2024-25 to meet cash flow deficits and deliver projects under the timetable envisioned.

- **Scenario 2:** Utilizes RSTP in lieu of a first bond financing, followed by a subsequent bond financing in FY 2023-24, which is downsized by the further contribution of RSTP. Specifically, RSTP funds are utilized in FY 2021-22 through FY 2023-24 to address annual cash flow requirements across the entirety of Fund 5308 to meet various projects and programs expenditure needs.

- **Scenario 2 (Clarified):** Replicates Scenario 2 by using RSTP funds to downsize borrowing needs in FY 2023-24. However, RSTP revenues are used beginning in FY 2019-20 through FY 2022-23. Specifically, RSTP funds are used for expenditures between FY 19-20 and FY 22-23 related to the 101 HOV project as well as other parallel projects to cover project development, right of way, and construction costs. Additionally, the clarified Scenario 2, advances $1 million of capital expenditures for Carpinteria Circulation Improvements from FY 2021-22 to FY 2019-20.

The following discussion analyzes the financial implications for the Measure A Fund Balance and the RSTP cash flows under the scenarios above with the objective of guiding the Measure A Strategic Planning efforts. The cash flow model approach and summary tables are consistent with the approach under prior memos and presentations to TTAC.

Cash Flow Model Approach and Assumptions

The model projects revenues and expenditures, inclusive of local jurisdictional "Pass Through" funds and regional capital project costs, through FY 2026-27. A ten-year projection period is used because it encompasses a reasonable timeframe for completion of the 101 HOV project, which has the largest impact to the Measure A revenues during this timeframe.

Both Scenario 1 and Scenario 2 utilize varying degrees of bond financings to meet cash flow deficits. Total Available Revenues in each scenario are reduced by the corresponding estimated debt service on the bonds – thereby reducing "Pass Through" revenues as well as Measure A funds available for regional projects (Fund 5308). Further, with regard to bond financings, it is assumed that: (i) bonds are secured by a pledge of all Measure A sales tax revenues, (ii) the term of the bonds does not exceed the term of the tax in FY 2039-40, (iii) debt service is paid directly from Measure A funds before other uses of Measure A, and (iv) bond proceeds are expended within three years of issuance, consistent with IRS rules for tax-exempt bonds. Additional assumptions underlying the projected cashflows are provided in an Appendix of this Memo.

Base Case: No Financings or Additional Revenues

The Base Case scenario provides cash flow projections for the Fund from FY 2017-18 through FY 2026-27 assuming no bond financings or additional revenues.

As illustrated in Table 1 below, cumulative Total Available Revenues (Measure A Sales Tax Revenues, plus interest, less certain costs) through FY 2026-27 total $409 million while Total Expenditures, inclusive of "Pass Through" revenues of $274.3 million, capital project costs in Fund 5308 of $253.9 million, and other program costs total $527.4 million. This mis-match reduces the beginning Fund balance of $20.4 million in FY 2017-18 to a negative Fund balance of $94.1 million in FY 2026-27.

Annual deficit spending (expenditures greater than revenues) begins in FY 2017-18 and continues through FY 2019-20. In FY 2020-21 the projections show a slight annual surplus with a negative Fund balance projected to occur until FY 2021-22. To mitigate the negative Fund balance, SBCAG could utilize either a long-term financing in this year or an initial contribution of RSTP Reserve funds, as discussed further in this Memo.

Table 1: Base Case Measure A Cash Flow

Measure A	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Measure A Revenue Growth	3.505%	8.200%	-4.600%	0.400%	0.900%
Subtotal Measure A Revenues	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Less: Total Annual Debt Service	-	-	-	-	-
Total Available Revenue	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Plus: RSTP Lump Sum	-	-	-	-	-
Plus: Bond Proceeds	-	-	-	-	-
Less: Monthly Pass-Thru	(25,632,043)	(27,469,905)	(26,323,380)	(26,427,758)	(26,662,149)
Less: Fund 5308 Capital Expenditures	(16,399,763)	(21,687,905)	(15,494,613)	(11,366,057)	(44,868,641)
Less: Admin Transfers	(20,327)	(43,179)	(21,000)	(21,000)	(21,000)
Add Back: Measure A exp (FY20-21 equp. sale)	40,000	460,000	10,000	309,997	10,000
Change in Cash Balance	**(3,788,354)**	**(7,776,498)**	**(2,574,256)**	**1,905,573**	**(31,781,864)**
Remaining Cash Balance	**20,474,245**	**12,697,747**	**10,123,491**	**12,029,064**	**(19,752,801)**

Measure A	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
Measure A Revenue Growth	1.300%	1.500%	3.000%	3.000%	3.000%	
Subtotal Measure A Revenues	40,276,221	40,886,744	42,126,102	43,402,641	44,717,477	409,022,507
Less: Total Annual Debt Service	-	-	-	-	-	-
Total Available Revenue	40,276,221	40,886,744	42,126,102	43,402,641	44,717,477	409,022,507
Plus: RSTP Lump Sum	-	-	-	-	-	-
Plus: Bond Proceeds	-	-	-	-	-	-
Less: Monthly Pass-Thru	(27,008,366)	(27,417,769)	(28,248,856)	(29,104,875)	(29,986,576)	(274,281,676)
Less: Fund 5308 Capital Expenditures	(28,189,288)	(33,339,308)	(32,903,357)	(19,989,488)	(29,619,823)	(253,858,245)
Less: Admin Transfers	-	-	-	-	-	(126,506)
Add Back: Measure A exp (FY20-21 equp. sale)	10,000	10,000	10,000	10,000	10,000	879,997
Change in Cash Balance	**(14,911,433)**	**(19,860,333)**	**(19,016,111)**	**(5,681,723)**	**(14,878,923)**	**(118,363,922)**
Remaining Cash Balance	**(34,664,233)**	**(54,524,566)**	**(73,540,678)**	**(79,222,400)**	**(94,101,323)**	

The primary driver of projected Measure A Fund cash flow deficits is due to anticipated capital spending for the 101 HOV project and other regional projects within Fund 5308. Based on its percentage allocation of Measure A revenues, Fund 5308 is projected to receive revenues of $134.7 million through FY 2026-27; however, expenditures are projected to total over $253.9 million during this same time horizon. Projected annual Fund 5308 revenues and expenditures are illustrated in Table 2 below – deficit amounts are presented on an annual basis and are not cumulative.

Table 2: Fund 5308 Cash Flow

Fund 5308 Capital Expenditures	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
FUND 5308 Revenue	12,591,736	13,494,587	12,931,357	12,982,632	13,097,777
Less: Fund 5308 Capital Expenditures	(16,399,763)	(21,687,905)	(15,494,613)	(11,366,057)	(44,868,641)
Fund 5308 Deficit	**(3,808,027)**	**(8,193,319)**	**(2,563,256)**	**1,616,575**	**(31,770,864)**

Fund 5308 Capital Expenditures	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
FUND 5308 Revenue	13,267,856	13,468,975	13,877,246	14,297,766	14,730,901	134,740,831
Less: Fund 5308 Capital Expenditures	(28,189,288)	(33,339,308)	(32,903,357)	(19,989,488)	(29,619,823)	(253,858,245)
Fund 5308 Deficit	**(14,921,433)**	**(19,870,333)**	**(19,026,111)**	**(5,691,723)**	**(14,888,923)**	**(119,117,414)**

The RSTP fund balances are summarized in Table 3 below. It is estimated that the RSTP Reserve will receive an annual contribution of $3 million and interest earnings through FY 2026-27. Cumulative contributions and interest of $30 million and $10 million, respectively, bring the current RSTP balance of $23 million to $63 million as projected in the Table 3 below.

Table 3: RSTP Fund Balances

RSTP Fund Balance	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
RSTP Interest Rate	1.50%	1.75%	2.00%	2.25%	2.50%
Beginning Balance	23,000,000	26,390,000	29,904,325	33,562,412	37,385,066
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lump Sum Use of Fund					
Interest Earned	390,000	514,325	658,087	822,654	1,009,627
Remaining RSTP Fund Balance	**26,390,000**	**29,904,325**	**33,562,412**	**37,385,066**	**41,394,692**

RSTP Fund Balance	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
RSTP Interest Rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Beginning Balance	41,394,692	45,504,560	49,717,174	54,035,103	58,460,981	
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Lump Sum Use of Fund						-
Interest Earned	1,109,867	1,212,614	1,317,929	1,425,878	1,536,525	9,997,505
Remaining RSTP Fund Balance	**45,504,560**	**49,717,174**	**54,035,103**	**58,460,981**	**62,997,505**	

With this Base Case scenario established, we can now consider alternative funding scenarios to target positive Fund balance amounts in projected years. In the following scenarios, we hold the Base Case assumptions constant with respect to projections for Measure A revenues and expenditures and RSTP growth.

Scenario 1: Bond Financings – No Contribution from RSTP

Scenario 1 provides cash flow projections for the Fund from FY 2017-18 through FY 2026-27 assuming only bond financings are utilized to address negative Fund balances.

The first bond financing is assumed to be issued in FY 2021-22 to address the initial negative Fund balance of $19.8 million identified in the Base Case. With guidance from SBCAG, the first bond financing is sized to maintain a minimum Fund balance of approximately $5 million in FY 2023-24. This would require a $61.7 million bond financing.

Given the period of time between now and the expected issuance in FY 2021-22, conservatively, we have assumed a 5% borrowing rate on the bonds; however, it anticipated that the actual borrowing rate for the issuance would fall below this level.

Following a three-year spend-down period, a second bond financing is required and sized to target a similar ending Fund balance of approximately $5 million in FY 2026-27, the final year of the projections. Based on current expenditure assumptions, this would require a $45.4 million bond financing in FY 2024-25 utilizing the same 5% interest rate assumption.

Table 4: Scenario 1 Measure A Cash Flow

Measure A	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Measure A Revenue Growth	3.505%	8.200%	-4.600%	0.400%	0.900%
Subtotal Measure A Revenues	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Less: Total Annual Debt Service	-	-	-	-	(771,500)
Total Available Revenue	38,223,779	40,964,491	39,254,737	39,410,390	38,988,425
Plus: RSTP Lump Sum	-	-	-	-	-
Plus: Bond Proceeds	-	-	-	-	61,720,000
Less: Monthly Pass-Thru	(25,632,043)	(27,469,905)	(26,323,380)	(26,427,758)	(26,144,798)
Less: Fund 5308 Capital Expenditures	(16,399,763)	(21,687,905)	(15,494,613)	(11,366,057)	(44,783,950)
Less: Admin Transfers	(20,327)	(43,179)	(21,000)	(21,000)	(21,000)
Add Back: Measure A exp (FY20-21 equp. sale)	40,000	460,000	10,000	309,997	10,000
Change in Cash Balance	**(3,788,354)**	**(7,776,498)**	**(2,574,256)**	**1,905,573**	**29,768,678**
Remaining Cash Balance	**20,474,245**	**12,697,747**	**10,123,491**	**12,029,064**	**41,797,741**

Measure A	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
Measure A Revenue Growth	1.300%	1.500%	3.000%	3.000%	3.000%	
Subtotal Measure A Revenues	40,276,221	40,886,744	42,126,102	43,402,641	44,717,477	409,022,507
Less: Total Annual Debt Service	(5,279,913)	(5,279,913)	(5,847,413)	(9,653,853)	(9,653,853)	(36,486,444)
Total Available Revenue	34,996,309	35,606,831	36,278,689	33,748,788	35,063,624	372,536,063
Plus: RSTP Lump Sum	-	-	-	-	-	-
Plus: Bond Proceeds	-	-	45,400,000	-	-	107,120,000
Less: Monthly Pass-Thru	(23,467,770)	(23,877,173)	(24,327,707)	(22,631,210)	(23,512,910)	(249,814,653)
Less: Fund 5308 Capital Expenditures	(27,609,690)	(32,759,710)	(32,261,463)	(18,929,745)	(28,560,080)	(249,852,976)
Less: Admin Transfers	-	-	-	-	-	(126,506)
Add Back: Measure A exp (FY20-21 equp. sale)	10,000	10,000	10,000	10,000	10,000	879,997
Change in Cash Balance	**(16,071,152)**	**(21,020,052)**	**25,099,520**	**(7,802,166)**	**(16,999,366)**	**(19,258,075)**
Remaining Cash Balance	**25,726,589**	**4,706,537**	**29,806,057**	**22,003,891**	**5,004,524**	

Payment of debt service on the projected bond financings impacts the amount of cumulative Pass Through funds paid through FY 26-27 through the reduction in Total Available Revenues by the estimated amount of annual debt service. As illustrated in the Measure A cash flow (Table 4 above), total estimated Pass Through funds over the ten-year projection period are reduced by approximately $24.5 million from $274.3 million to $249.8 million. Given a portion of the Fund 5308 expenditures are based on a percentage of Total Available Revenues, Fund 5308 expenditures are reduced by $4 million from $253.9 to $249.9 million.

RSTP is unchanged from the Base Case scenario. The RSTP balance of $23 million is expected to grow to $63 million over the projection period, assuming additional contributions and earnings.

Table 5: Scenario 1 RSTP Fund Balances

RSTP Fund Balance	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
RSTP Interest Rate	1.50%	1.75%	2.00%	2.25%	2.50%
Beginning Balance	23,000,000	26,390,000	29,904,325	33,562,412	37,385,066
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lump Sum Use of Fund					
Interest Earned	390,000	514,325	658,087	822,654	1,009,627
Remaining RSTP Fund Balance	**26,390,000**	**29,904,325**	**33,562,412**	**37,385,066**	**41,394,692**

RSTP Fund Balance	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
RSTP Interest Rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Beginning Balance	41,394,692	45,504,560	49,717,174	54,035,103	58,460,981	
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Lump Sum Use of Fund						-
Interest Earned	1,109,867	1,212,614	1,317,929	1,425,878	1,536,525	9,997,505
Remaining RSTP Fund Balance	**45,504,560**	**49,717,174**	**54,035,103**	**58,460,981**	**62,997,505**	

Scenario 2: RSTP Contributions (FY 2021-22 through FY 2023-24) and Single Bond Financing Downsized by RSTP Contribution (FY 2023-24)

In contrast to Scenario 1 where RSTP is not utilized, Scenario 2 relies on RSTP funds to address annual cash flow across the entirety of Fund 5308 to meet the expenditures needs for the various projects and programs beginning in FY 2021-22 through FY 2023-24. However, in FY 2023-24, proceeds from an initial bond issue are also needed to meet the requirement for project and program expenditures. In FY 21-22 and FY 22-23, RSTP is used to maintain a minimum Fund balance of $5 million. In FY 23-24, the remainder of the accrued $42 million of RSTP funds is utilized, but bond proceeds in the amount of $61 million are still necessary to achieve an ending Fund balance of $5 million in FY 2026-27.

Table 6: Scenario 2 Measure A Cash Flow

Measure A	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Measure A Revenue Growth	3.505%	8.200%	-4.600%	0.400%	0.900%
Subtotal Measure A Revenues	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Less: Total Annual Debt Service	-	-	-	-	-
Total Available Revenue	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Plus: RSTP Lump Sum	-	-	-	-	24,753,000
Plus: Bond Proceeds	-	-	-	-	-
Less: Monthly Pass-Thru	(25,632,043)	(27,469,905)	(26,323,380)	(26,427,758)	(26,662,149)
Less: Fund 5308 Capital Expenditures	(16,399,763)	(21,687,905)	(15,494,613)	(11,366,057)	(44,868,641)
Less: Admin Transfers	(20,327)	(43,179)	(21,000)	(21,000)	(21,000)
Add Back: Measure A exp (FY20-21 equp. sale)	40,000	460,000	10,000	309,997	10,000
Change in Cash Balance	**(3,788,354)**	**(7,776,498)**	**(2,574,256)**	**1,905,573**	**(7,028,864)**
Remaining Cash Balance	**20,474,245**	**12,697,747**	**10,123,491**	**12,029,064**	**5,000,199**

Measure A	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
Measure A Revenue Growth	1.300%	1.500%	3.000%	3.000%	3.000%	
Subtotal Measure A Revenues	40,276,221	40,886,744	42,126,102	43,402,641	44,717,477	409,022,507
Less: Total Annual Debt Service	-	(762,250)	(5,626,619)	(5,626,619)	(5,626,619)	(17,642,107)
Total Available Revenue	40,276,221	40,124,494	36,499,483	37,776,022	39,090,858	391,380,400
Plus: RSTP Lump Sum	14,912,000	2,335,000	-	-	-	42,000,000
Plus: Bond Proceeds	-	60,980,000	-	-	-	60,980,000
Less: Monthly Pass-Thru	(27,008,366)	(26,906,620)	(24,475,766)	(25,331,786)	(26,213,486)	(262,451,259)
Less: Fund 5308 Capital Expenditures	(28,189,288)	(33,255,633)	(32,285,700)	(19,371,831)	(29,002,166)	(251,921,597)
Less: Admin Transfers	-	-	-	-	-	(126,506)
Add Back: Measure A exp (FY20-21 equp. sale)	10,000	10,000	10,000	10,000	10,000	879,997
Change in Cash Balance	**567**	**43,287,241**	**(20,251,984)**	**(6,917,595)**	**(16,114,795)**	**(19,258,965)**
Remaining Cash Balance	**5,000,767**	**48,288,007**	**28,036,024**	**21,118,429**	**5,003,634**	

Given bonding needs are lower than those in Scenario 1, Pass Through funds are impacted less over the projection period under Scenario 2. Specifically, Pass Through funds are reduced by $11.8 million from $274.3 million to $262.5 million over the projection period. Similarly, Fund 5308 expenditures are reduced by $2 million from $253.9 to $251.9 million.

Total RSTP funds drawn from FY 2021-22 to FY 2023-24 are $42 million. As shown in Table 7, the RSTP balance is projected to be $14.8 million at the end of the projection period.

Table 7: Scenario 2 RSTP Fund Balances

RSTP Fund Balance	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
RSTP Interest Rate	1.50%	1.75%	2.00%	2.25%	2.50%
Beginning Balance	23,000,000	26,390,000	29,904,325	33,562,412	37,385,066
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lump Sum Use of Fund					(24,753,000)
Interest Earned	390,000	514,325	658,087	822,654	390,802
Remaining RSTP Fund Balance	**26,390,000**	**29,904,325**	**33,562,412**	**37,385,066**	**16,022,867**

RSTP Fund Balance	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
RSTP Interest Rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Beginning Balance	16,022,867	4,213,639	5,000,605	8,200,620	11,480,636	
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Lump Sum Use of Fund	(14,912,000)	(2,335,000)				(42,000,000)
Interest Earned	102,772	121,966	200,015	280,016	362,016	3,842,652
Remaining RSTP Fund Balance	**4,213,639**	**5,000,605**	**8,200,620**	**11,480,636**	**14,842,652**	

Scenario 2 (Clarified): RSTP Contributions (FY 2019-20 through FY 2022-23) and Single Bond Financing Downsized by RSTP Contribution (FY 2023-24)

Scenario 2 (Clarified) utilizes RSTP funds specifically for expenditures related US 101 HOV project and parallel projects between FY 2019-20 and FY 2022-23 to cover project development, right of way, and construction costs. The RSTP contribution beginning in FY 2019-20 is used in lieu of Measure A revenues for a targeted amount of the 101 HOV project expenditures. RSTP funding continues through FY 2022-23 for a combined total use of RSTP funds of $42 million. As under Scenario 2, additional bond proceeds of $61 million are needed in FY 2023-24 to achieve an ending Fund balance of $5 million in FY 2026-27.

The primary impact of the application of RSTP funds beginning in FY 2019-20 is varying annual values for the change in cash balance in the Measure A fund. Under both Scenario 2 and Scenario 2 (Clarified), the total cumulative Measure A cash balance change over the projection period is negative $19.2 million. Under Scenario 2 (Clarified), in FY 2019-20 and FY 2020-21, the change in Measure A fund balance is positive given the use of RSTP earlier; however, in FY 2021-22 and FY 2022-23 Measure A cash balance is utilized to a greater extent as the RSTP contribution is lower than under Scenario 2.

We also highlight the impact of advancing $1 million of capital expenditures for Carpinteria Circulation Improvements from FY 2021-22 to FY 2019-20. While Measure A cash balance is reduced in FY 2019-20 due to the $1 million advanced expenditure, the projected Measure A cash balance in FY 2021-22 remains the same as previously forecasted at $12.95 million. Since FY 2021-22 expenditures are now $1 million lower the cash balance is restored to previously anticipated levels. The overall projected Measure A cash balance over the projection period is also unchanged given total expenditures did not change – just the timing of such expenditures were just modestly adjusted.

Table 8: Scenario 2 (Clarified) Measure A Cash Flow

Measure A	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Measure A Revenue Growth	3.505%	8.200%	-4.600%	0.400%	0.900%
Subtotal Measure A Revenues	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Less: Total Annual Debt Service	-	-	-	-	-
Total Available Revenue	38,223,779	40,964,491	39,254,737	39,410,390	39,759,925
Plus: RSTP Lump Sum	-	-	2,800,000	17,527,700	12,383,600
Plus: Bond Proceeds	-	-	-	-	-
Less: Monthly Pass-Thru	(25,632,043)	(27,469,905)	(26,323,380)	(26,427,758)	(26,662,149)
Less: Fund 5308 Capital Expenditures	(16,399,763)	(21,687,905)	(16,494,613)	(11,366,057)	(43,868,641)
Less: Admin Transfers	(20,327)	(43,179)	(21,000)	(21,000)	(21,000)
Add Back: Measure A exp (FY20-21 equp. sale)	40,000	460,000	10,000	309,997	10,000
Change in Cash Balance	**(3,788,354)**	**(7,776,498)**	**(774,256)**	**19,433,273**	**(18,398,264)**
Remaining Cash Balance	**20,474,245**	**12,697,747**	**11,923,491**	**31,356,764**	**12,958,499**

Measure A	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
Measure A Revenue Growth	1.300%	1.500%	3.000%	3.000%	3.000%	
Subtotal Measure A Revenues	40,276,221	40,886,744	42,126,102	43,402,641	44,717,477	409,022,507
Less: Total Annual Debt Service	-	(762,250)	(5,626,619)	(5,626,619)	(5,626,619)	(17,642,107)
Total Available Revenue	40,276,221	40,124,494	36,499,483	37,776,022	39,090,858	391,380,400
Plus: RSTP Lump Sum	9,288,700	-	-	-	-	42,000,000
Plus: Bond Proceeds	-	60,980,000	-	-	-	60,980,000
Less: Monthly Pass-Thru	(27,008,366)	(26,906,620)	(24,475,766)	(25,331,786)	(26,213,486)	(262,451,259)
Less: Fund 5308 Capital Expenditures	(28,189,288)	(33,255,633)	(32,285,700)	(19,371,831)	(29,002,166)	(251,921,597)
Less: Admin Transfers	-	-	-	-	-	(126,506)
Add Back: Measure A exp (FY20-21 equp. sale)	10,000	10,000	10,000	10,000	10,000	879,997
Change in Cash Balance	**(5,622,733)**	**40,952,241**	**(20,251,984)**	**(6,917,595)**	**(16,114,795)**	**(19,258,965)**
Remaining Cash Balance	**7,335,767**	**48,288,007**	**28,036,024**	**21,118,429**	**5,003,634**	

Given Scenario 2 (Clarified) utilizes the same application of total RSTP funding ($42 million) but solely adjusts for the earlier contribution of such funds to the 101 HOV project, Pass Through funds and Fund 5308 expenditures remain consistent with projected levels under Scenario 2. However, as shown in Table 9, the RSTP balance under Scenario 2 (Clarified) is projected to be $13.9 million at the end of the projection period, which is modestly lower than the projected RSTP balance under Scenario 2 by approximately $886,000. This differential is driven by the earlier use of RSTP funds and reduced earnings on RSTP balances over the projection period (see Table 11).

Table 9: Scenario 2 (Clarified) RSTP Fund Balances

RSTP Fund Balance	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
RSTP Interest Rate	1.50%	1.75%	2.00%	2.25%	2.50%
Beginning Balance	23,000,000	26,390,000	29,904,325	30,706,412	16,542,733
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lump Sum Use of Fund			(2,800,000)	(17,527,700)	(12,383,600)
Interest Earned	390,000	514,325	602,087	364,021	178,978
Remaining RSTP Fund Balance	**26,390,000**	**29,904,325**	**30,706,412**	**16,542,733**	**7,338,111**

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RSTP Fund Balance	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Grand Total
RSTP Interest Rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Beginning Balance	7,338,111	1,075,646	4,177,537	7,356,976	10,615,900	
Additonal Contribution	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Lump Sum Use of Fund	(9,288,700)					(42,000,000)
Interest Earned	26,235	101,891	179,438	258,924	340,398	2,956,298
Remaining RSTP Fund Balance	**1,075,646**	**4,177,537**	**7,356,976**	**10,615,900**	**13,956,298**	

Summary Tables for Scenario 1 and Scenario 2

The following Table 10 and Table 11 summarize Scenario 1 and Scenario 2 and their respective impact on the Measure A Fund Balance and the RSTP Reserve over the ten-year projection period. The timing of the RSTP contribution of $42 million under Scenario 2 and Scenario 2 (Clarified) does not impact the overall Measure A results, but does have an impact on projected interest earnings in the RSTP fund.

Table 10: Measure A Fund Balance – Scenario 1 vs. Scenario 2

Measure A Cash Flow Analysis	Scenario 1	Scenario 2
Bond Financings	2 Bond	1 Bond
RSTP Contribution - Lump Sum	None	$42,000,000
Beginning Measure A Cash Blance (FY 2017-18)	**24,262,599**	**24,262,599**
Estimated Total Revenues/Resources Thru FY 2026-27		
Total Measure A Revenues	409,022,507	409,022,507
Less: Debt Service on Bonds	(36,486,444)	(17,642,107)
Total Available Measure A Revenues	372,536,063	391,380,400
Total Estimated Bond Proceeds	107,120,000	60,980,000
Total Estimated RSTP Lump Sum	-	42,000,000
Total All Revenues/Resources	**479,656,063**	**494,360,400**
Estimated Total Expenditures Thru FY 2026-27		
Local Pass Thru	(249,814,653)	(262,451,259)
Regional Capital and Project Costs (5308)	(249,852,976)	(251,921,597)
Other	753,491	753,491
Total All Expenditures	**(498,914,138)**	**(513,619,366)**
Remaining Measure A Cash Balance (FY 2026-27)	**5,004,524**	**5,003,634**

Table 11: RSTP Balance – Scenario 1 vs. Scenario 2

Measure A Cash Flow Analysis	Scenario 1	Scenario 2A	Scenario 2 (Clarified)
Bond Financings	2 Bond	1 Bond	1 Bond
RSTP Contribution - Lump Sum	None	FY 21-22 thru FY 23-24	FY 19-20 thru FY 22-23
RSTP Cash Flow Analysis thru FY 2026-27			
Beginning RSTP Cash Balance (FY 2017-18)	**23,000,000**	**23,000,000**	**23,000,000**
Additional RSTP Contribution	30,000,000	30,000,000	30,000,000
Lump Sum Contribution to Measure A Capital Costs	-	(42,000,000)	(42,000,000)
Interest Earned	9,997,505	3,842,652	2,956,298
Remaining RSTP Cash Balance (FY 2026-27)	**62,997,505**	**14,842,652**	**13,956,298**

The following Table 12 summarizes the debt financings assumed in Scenario 1 and Scenario 2 and the respective debt service amounts for each scenario both during **AND** after the projection period. Both Scenario 2 and Scenario 2 (Clarified) require the same bond sizing and result in the same projected debt payments.

Table 12: Summary of Debt Service Payments – Scenario 1 vs. Scenario 2

Measure A Cash Flow Analysis	Scenario 1	Scenario 2
Bond Financings	2 Bond	1 Bond
RSTP Contribution - Lump Sum	None	$42,000,000
Bonding and Debt Service Summary		
Total Bonds Issued	**107,120,000**	**60,980,000**
Total Payments thru FY 2026-27	36,486,444	17,642,107
Total Payments FY 2027-28 through FY 2039-40	125,500,085	73,146,047
Total Payments	**161,986,529**	**90,788,154**

Estimated Net Impact/Cost for Scenario 1 and Scenario 2

Though this analysis is limited to a projection period to FY 2026-27, there are financial implications beyond the projection period because the debt service on the bonds extends to the end of Measure A in FY 2039-40. Thus, holding all else constant, we have summarized the impact of the bond issuance(s) on projected resources and costs through the term of the tax.

Further, the contrast between Scenarios 1 and 2 illustrate that when RSTP funds are utilized to provide a lump sum amount in lieu of a bond, there is a tradeoff between Pass Through revenues and RSTP revenues and earnings overtime. We endeavor to quantify this overall net impact to the jurisdictions. However, we project RSTP fund balances only through the term of the forecast period (FY 2026-27), as in actuality RSTP funds will be programmed and utilized over time and will not necessarily accumulate and earn interest on the aggregate balance through FY 2039-40.

Estimated Net Impact to Resources: Measure A and RSTP

To better assist TTAC in evaluating the trade-off of utilizing RSTP funding resources to downsize or delay the need for bonding, we prepared the summary Table 13 below, which estimates total Measure A revenues available for Pass Through for each scenario over the forecast period and through the term of the tax. We project RSTP ending balances only over the forecast period.

Assuming no additional bonding and no further utilization of RSTP resources beyond what is projected over the forecast period, Scenario 1 results in the greatest amount of total resources (Measure A Local Pass Through plus RSTP) - $312.8 million through FY 2026-27 and $711.9 million through FY 2039-40 (which excludes RSTP forecast beyond FY 2026-27). Over the forecast period, available Measure A revenues are the lowest under Scenario 1 – thus, most notably impacting pass thru dollars to the jurisdictions. Scenario 2 is estimated to produce the least amount of resources (Measure A Pass Through plus RSTP); however total available Measure A revenues are the greatest. Under Scenario 2, Measure A Pass Through revenues are maximized for distribution to the jurisdictions and RSTP Reserve balances (and earnings) are depleted at a greater rate.

The only financial distinction between Scenario 2 and Scenario 2 (Clarified) is the estimated RSTP ending balance, which can be attributable to modestly lower projected earnings under Scenario 2 (Clarified) given the earlier use of those funds. However, given Measure A cash balances will be higher in the years that RSTP is utilized lieu of Measure A; it is likely that earnings on greater Measure A available funds will offset the lower RSTP earnings.

Table 13: Total Projected Resources – Scenario 1 vs. Scenario 2

Measure A Cash Flow Analysis	Scenario 1	Scenario 2	Scenario 2 (Clarified)
Bond Financings	2 Bond	1 Bond	1 Bond
Total Amount	107,120,000	60,980,000	60,980,000
RSTP Contribution - Lump Sum	None	FY 21-22 - FY 23-24	FY 19-20 - FY 22-23
Total Amount	-	42,000,000	42,000,000
Estimated Net Impact to Jurisdictions: Measure A and RSTP (Thru Forecast FY 2026-27)			
Total Estimated Measure A Revenues FY 2017-18 thru FY 2026-27[1]	**409,022,507**	**409,022,507**	**409,022,507**
Less Debt Service on Bonds[2]	(36,486,444)	(17,642,107)	(17,642,107)
Total Available Measure A Revenues	372,536,063	391,380,400	391,380,400
Local Pass Thru[3]	249,814,653	262,451,259	262,451,259
RSTP Ending Balance[4]	62,997,505	14,842,652	13,956,298
Total Estimated Revenues/Resources (FY 2026-27)	**312,812,158**	**277,293,911**	**276,407,557**
Estimated Net Impact to Jurisdictions: Measure A and RSTP (Thru Sales Tax Term FY 2039-40)			
Total Estimated Measure A Revenues FY 2017-18 thru FY 2039-40[1]	**1,129,674,664**	**1,129,674,664**	**1,129,674,664**
Less Debt Service on Bonds[2]	(161,986,529)	(90,788,154)	(90,788,154)
Total Available Measure A Revenues	967,688,135	1,038,886,511	1,038,886,511
Local Pass Thru[3]	648,910,801	696,654,897	696,654,897
RSTP Ending Balance thru FY 2026-27[5]	62,997,505	14,842,652	13,956,298
Total Estimated Revenues/Resources (FY 2039-40)	**711,908,306**	**711,497,548**	**710,611,194**

[1] Assumes revenue growth projections as provided by HdL through FY 2023-24 and 3% thereafter through the term of the tax (FY 2039-40).

[2] Assumes 5% interest rate for bond issuances in the projection period. Beyond FY 2026-27 projection period no further bonding is assumed.

[3] Based on local jurisdiction percentage of total available revenues per the Expenditure Plan (67%).

[4] Assumes annual contributions of $3million and interest earnings of 1.5% (FY 2017-18); 1.8% (FY 2018-19); 2.0% (FY 201920); and 2.5% thereafter through the forecast period (FY 2026-27). No furhter draws from RSTP beyond what is modeled are assumed.

[5] RSTP balance at the end of the forecast period (FY 2026-27). No future analysis assumed.

Estimated Net Cost: Bond Interest and RSTP Lost Earnings

Another consideration is the relationship between the assumed earnings rate on the RSTP Reserve and the interest rate paid on the bonds. RSTP funds are assumed to earn interest at short term Treasury Pool rates ranging from 1.50% to 2.50%. However, this rate will fluctuate year to year while the interest rate on the bonds will be fixed for the duration of the bond. Long term tax-exempt fixed rates are relatively low now but are trending up. As referenced earlier in the Memo we have assumed a conservative 5.00% borrowing rate given the period of time between now and the projected initial bonding needs in FY 2021-22 and FY 2024-25 (Scenario 1) and FY 2023-24 (Scenario 2).

While the projections are driven by our assumptions for borrowing and earnings rates, we utilize such assumptions to help quantify the "cost" of each scenario based on total bond interest paid (dependent on timing and size of financings) and lost earnings received on RSTP Fund balances (dependent on amount of resources utilized).

As noted above, we assume no additional bonding and no additional utilization of RSTP resources beyond what is projected over the forecast period and provide "cost" estimates over the forecast period and through the term of the tax. Again, this analysis does not assume any further earnings on RSTP or utilization of RSTP beyond the forecast period. This assumption is made to help isolate the trade-off of bond interest paid versus RSTP interest earned through the delivery of the Highway 101 project. However, in actuality, SBCAG is likely to utilize RSTP resources to fund projects between now and the term of the tax; yet the projected utilization of RSTP for additional projects is not being forecasted through the Strategic Planning process and RSTP is only considered to meet cash needs over the forecast period. From this perspective, over the forecast period, Scenario 2 represents the lowest cost alternative driven by the least amount of bond interest paid (approximately half the par amount issued as in Scenario 1) and manageable lost earnings on RSTP given the "as-needed" utilization of those funds. There are slight earnings differences between Scenario 2 and Scenario 2 (Clarified) given the timing assumptions with regarding the utilization of such funds.

Table 14: Total Projected Net Cost – Scenario 1 vs. Scenario 2

Measure A Cash Flow Analysis	Scenario 1	Scenario 2	Scenario 2 (Clarified)
Bond Financings	2 Bond	1 Bond	1 Bond
Total Amount	107,120,000	60,980,000	60,980,000
RSTP Contribution - Lump Sum	None	FY 21-22 - FY 23-24	FY 19-20 - FY 22-23
Total Amount	-	42,000,000	42,000,000
Estimated Net Impact to Jurisdictions: Cost of Bond Interest Paid and RSTP Lost Earnings			
Thru Forecast FY 2026-27			
Bond Interest Paid thru FY 2026-27[1]	20,050,614	9,516,163	9,516,163
Lost Earnings on RSTP thru FY 2026-27[2]	-	6,154,854	7,041,208
Total Estimated Cost (Thru Forecast)	**20,050,614**	**15,671,017**	**16,557,371**
Thru Sales Tax Term FY 2039-40			
Bond Interest Paid thru FY 2039-40[1]	54,866,529	29,808,154	29,808,154
Lost Earnings on RSTP thru FY 2026-27[3]	-	6,154,854	7,041,208
Total Estimated Cost (Thru Term of Sales Tax)	**54,866,529**	**35,963,007**	**36,849,361**

[1] Assumes 5% interest rate for bond issuances in the projection period. Beyond FY 2026-27 projection period no further bonding is assumed.
[2] Assumes annual contributions of $3million and interest earnings of 1.5% (FY 2017-18); 1.8% (FY 2018-19); 2.0% (FY 201920); and 2.5% thereafter
[3] RSTP lost earnings at the end of the forecast period (FY 2026-27). No future analysis assumed.

Financing Approach

At the beginning of this Memo we stated assumptions with regard to the bonding approach and expectations for the structuring and payment of ongoing debt service obligations:

(i) bonds are secured by a pledge of all Measure A sales tax revenues;
(ii) the term of the bonds does not exceed the term of the tax in FY 2039-40;
(iii) debt service is paid directly from Measure A funds before other uses of Measure A; and
(iv) bond proceeds are expended within three years of issuance, consistent with IRS rules for tax-exempt bonds.

Under this framework, the working assumption is that SBCAG would issue sales tax revenue bonds sold in the public market to tax-exempt municipal bond investors. Given the security pledge of gross sales tax revenues and SBCAG's limited leverage against the Measure A tax, the bonds would likely be highly rated ("AA"-category or above) and receive favorable interest rates relative to the market at the time of issuance. Further, given the projected bond issuance timing (ranging from FY 2021-22 to FY 2024-25) and the expected term of the bonds in FY 2039-40 (bonds cannot extend beyond the term of the Measure A tax), the proposed sales tax revenue bond offerings would be relatively short (i.e. 16-years to 19-years versus a more standard bond term of 30-years), which would also support a lower borrowing rate. The process for issuing sales tax revenue bonds from forming a financing team, finalizing a plan of finance, and pricing and closing on the bonds is estimated to be anywhere from four to six months.

While the issuance of public market tax-exempt bonds is the working assumption, SBCAG could pursue other forms of borrowings secured by the Measure A sales tax revenue pledge, including bank private placements or State and Federal loans. In prior discussions with TTAC, the possibility of seeking a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan with the Federal government was raised as an alternative to public market bonds. The TIFIA Credit Program has provided important support to investment in large-scale national transportation projects by offering credit assistance in the form of direct loans, loan guarantees, and standby lines of credit (rather than grants) to projects of national or regional significance. Notably, TIFIA has provided a cost-effective means of financing transportation projects that have a longer-term (up to 35-years after a 5-year construction period), can be lower-rated, and include other financing components to the project (bonds, state loans, revenues etc.). If SBCAG were to pursue a TIFIA loan, the term of the loan, however, would be limited by the term of the Measure A tax in 2040 given the pledge of Measure A revenues would serve as the security on the loan.

There are several major requirements of the TIFIA Credit Program, inclusive of:

1) Minimum Anticipated Project Costs
    - $10 million for Transit-Oriented Development, Local, and Rural Projects
    - $15 million for Intelligent Transportation System Projects
    - $50 million for all other eligible Surface Transportation Projects
2) TIFIA Credit Assistance Limit – Credit assistance limited to 33% of reasonably anticipated eligible project costs (unless the sponsor provides a compelling justification for up to 49%)
3) Investment Grade Rating – Senior debt and TIFIA loan must receive investment grade ratings from at least two nationally recognized credit rating agencies (only one rating required if less

than $75 million)

4) Dedicated Repayment Source – The project must have a dedicated revenue source pledged to secure both the TIFIA and senior debt financing
5) Applicable Federal Requirements – Including, but not limited to: Civil Rights, NEPA, Uniform Relocation, Buy America, Titles 23 and 49

The TIFIA loan process begins with a project sponsor submitting a Letter of Interest that provides sufficient information to satisfy the eligibility requirements, such as creditworthiness and readiness to proceed; after invitation from the TIFIA Joint Program Office, a formal application is required. The DOT notifies the project sponsor regarding project approval no more than 60 days after delivery of notice regarding application completeness. Upon project award, the development of financing documentation and the credit agreement begins.

Taking into account the application and approval process, the timeline to close on a TIFIA loan could be the upwards of a year or more. If the TIFIA loan process is the desired course, SBCAG will want to factor in a lead time of approximately 1.5 years from submittal of the Letter of Interest/Application process to the time in which funds are needed. We note that earlier in the process, following the submittal of the Letter of Interest, the DOT will ask SBCAG to submit a $250,000 upfront fee to cover the DOT's costs to procure outside financial and legal advisors (the Advisors' Fees Upfront Payment). While it is possible that Advisors' Fees Upfront Payment be waived for TIFIA projects less than $75 million (this should be indicated in the Letter of Interest), SBCAG will want to conduct a detailed financial analysis of the estimated economic benefit of the TIFIA loan versus bonds before the payment of this fee.

Appendix: Summary of Assumptions for Cash Flow Model Scenarios

Summary of Assumptions for Bonding and Cash Flow Analysis Ten-Year Projection Period: FY 2017-18 to FY 2026-27
Measure A Program revenues assumes FY 2017-18 actual sales tax revenues. Thereafter, the following assumptions are used: FY 2018-19 annual growth of 8.2% per HdL. FY 2019-20 annual growth of -4.6% per HdL. FY 2020-21 annual growth of 0.4% per HdL. FY 2021-22 annual growth of 0.9% per HdL. FY 2022-23 annual growth of 1.3% per HdL. FY 2023-24 annual growth of 1.5% per HdL. FY 2024-25 through FY 2026-2027 annual growth of 3%.
RSTP Reserve assumes annual $3 million contribution; FY 2017-18 interest earnings of 1.5%; FY 2018-19 interest earnings of 1.75%; FY 2019-20 interest earnings of 2.00%; FY 2020-21 interest earnings of 2.25%; and FY 2021-22 thru FY 2026-27 interest earnings of 2.50%.
Bond financings assumes 5% TIC. All bond financings assume final maturity of 2040.
All assumptions are estimates and subject to change.