

December 5, 2025

TransNet Proposed 2026 Bond Issuance: Refunding Overview

Overview

SANDAG proposes to refund all of its Series 2016A debt obligations and refund certain Series 2019A and 2021A bonds. The 2016A bonds are currently outstanding in the par amount of \$278.75 million; the 2019A bonds are outstanding in the amount of \$314.062 million; and the 2021A bonds are outstanding in the amount of \$140.180 million.

It is SANDAG's objective to reduce post-refunding debt service costs when compared to current baseline costs including all ancillary fees.

Action: Information

Staff will present an overview of the proposed 2026 bond issuance.

Fiscal Impact: Potential Net Present Value savings of approximately \$43 million

Schedule/Scope Impact: N/A.

Key Considerations

[Board Policy 36](#) establishes guidelines and for the issuance and management of SANDAG's current and future debt as it relates to the San Diego County Regional Transportation Commission. The policy provides guidance on issuance of refunding bonds, typically done to reduce debt service costs, with a targeted minimum debt service savings threshold of 3.0% of the refunded bond principal amount, on a maturity-by-maturity basis, unless there are other compelling reasons for defeasance.

SANDAG's Series 2016A bonds are callable on April 1, 2026, at par and a current refunding opportunity (refunding up to 90 days prior to the call date) exists to achieve debt service savings. Additionally, SANDAG has certain other bonds callable in the future that may be advance refunded (refunding more than 90 days prior to the call date) to capture additional incremental savings. The other bonds include certain maturities in SANDAG's taxable Series 2019A and Series 2021A bonds.

Based on current market rates, through this refunding, SANDAG can achieve approximately \$55 million in debt service savings through 2048 for the Series 2016A refunding. In present value (PV) terms the savings amount is estimated at \$39.7 million or about 14.6%. Final TIC and savings are dependent on prevailing interest rates at the time of pricing.

An analysis of the full debt portfolio identified certain bonds in Series 2019A callable debt and the Series 2021A callable and non-callable debt recommended for inclusion in the transaction to achieve additional incremental savings. Callable bonds that presently produce savings higher than a hypothetical future current refunding assuming rates remain unchanged, are recommended to be advance refunded. Non-callable debt maturities with positive savings, however modest, are recommended to be refunded.

Two maturities for Series 2019A bonds and 10 maturities for the Series 2021A bonds totaling about \$115 million currently meet the refunding criteria and produce an additional PV savings of \$3.4 million or 3.1% of refunded par. SANDAG will continue to monitor the refunding candidates for savings and make a decision closer to pricing in February.

Attachment 1, the memorandum from SANDAG's municipal advisor, PFM provides further discussion on current bond market conditions and the refunding analysis and recommendation.

Next Steps

Staff will present an overview of the proposed transaction to the Board of Directors this month. Staff anticipates requesting a recommendation from the Transportation Committee followed by Board of Directors action in January.

Dawn Vettese, Chief Financial Officer

Attachment: 1. November 17, 2025, Memorandum from PFM Financial Advisors LLC