

TransNet Proposed 2026 Bond Issuance: Refunding

Overview

At the [December 12, 2025, Board of Directors meeting](#), staff presented an overview of a proposal to refund all of the San Diego County Regional Transportation Commission's (RTC) Series 2016A bonds maturing in 2027 or later and of certain Series 2019A and 2021A bonds. The 2016A bonds are currently outstanding in the principal amount of \$278.75 million; the 2019A bonds are outstanding in the principal amount of \$314.062 million; and the 2021A bonds are outstanding in the principal amount of \$140.180 million.

Key Considerations

As presented previously, SANDAG's Series 2016A bonds are callable on and after 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 savings are dependent on prevailing interest rates at the time of pricing.

An analysis of the full debt portfolio identified certain callable maturities in Series 2019A bonds and certain callable and non-callable maturities of Series 2021A bonds 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 of Series 2019A bonds and 10 maturities of the Series 2021A bonds totaling about \$115 million 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 to include in the transaction as further described in the Memorandum from SANDAG financial advisor (Attachment 1).

Responsibilities for Review

Attached to this report for review and information are the near-final bond documents for the proposed Series 2026 Bond issuance (Attachments 2 through 6).

The Board, in its role as the San Diego County Regional Transportation Commission, has the ultimate responsibility for approving the 2026 transaction. Before making a decision regarding the Bond issuance,

Action: Adopt

The Board of Directors, acting as the Regional Transportation Commission (RTC), is asked to adopt RTC Resolution No. RTC-2026-03, authorizing up to \$400 million of 2026 Bonds to refund certain outstanding bonds, and execution and distribution of the transaction documents.

Fiscal Impact:

Potential Net Present Value savings of approximately \$35 million to \$43 million.

Schedule/Scope Impact:

The transactions are expected to close in early February.

Board members are asked to review all of the documents to become familiar with their contents. Board members should pay particular attention to the information contained in the Preliminary Official Statement (Attachment 5) to ensure there are no inaccuracies concerning SANDAG.

Board members are also asked to ensure that to the best of their knowledge, all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. When carrying out their fiduciary responsibilities, public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws, as long as the reliance is reasonable. In order for the reliance to be considered reasonable, the public official must: (1) make complete disclosure to the appropriate professional of any potentially material mistake or omission in the documents; (2) request the professional's advice as to what disclosure is proper; (3) receive advice regarding the appropriate disclosure; and (4) rely in good faith on that advice.

SANDAG Bond Counsel (Norton Rose Fulbright US LLP), Disclosure Counsel (Stradling Yocca Carlson & Rauth LLP), and municipal advisor (PFM Financial Advisors) will be present at the January 23, 2026 Board meeting to provide information to the Board regarding proper disclosure. The Chief Financial Officer (Dawn Vettese), Senior Legal Counsel (Betsy Blake), Principal Economist (Naomi Young), and Accounting & Finance Director (Kimberly Trammel) have all reviewed the draft Bond documents, and to the best of the staff's knowledge, all of the statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Next Steps

Upon approval, the expected schedule for the planned Series 2026 Bond issuance is as follows:

- Week of January 26: Post Preliminary Official Statement and commence marketing of 2026 Bonds
- Week of February 2: Anticipated pricing date
- Week of February 9: Anticipated closing date

Dawn Vettese, Chief Financial Officer

- Attachments:
1. Memorandum from PFM Financial Advisors
 2. RTC Resolution No. RTC-2026-03
 3. Draft Fourteenth Supplemental Indenture
 4. Draft Bond Purchase Agreement
 5. Draft Preliminary Official Statement
 6. Draft Continuing Disclosure Agreement