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Orrick Advises Goldman on Unique Bridge Financing to Propel Transbay Transit Center Project Down the Track.

A multi-practice Orrick team recently advised Goldman Sachs as lead arranger of an innovative, multi-lender \$171 million term loan facility to provide bridge financing for Phase 1 of the Transbay Joint Powers Authority's ("TJPA") visionary Transbay Transit Center Project in San Francisco.

The ambitious \$4.5 billion project will transform downtown San Francisco and the Bay Area's regional transportation system by creating what has been dubbed the "Grand Central Station of the West", replacing the former Transbay Terminal with a modern regional transit hub that will connect eight Bay Area counties and the State of California through 11 different transit providers. The project is at the center of a vibrant new neighborhood emerging in San Francisco's South of Market area, helping catalyze the development of thousands of new housing units and millions of square feet of new office space, as well as new parks, pedestrian areas and retail shops. Phase 1 of the project - scheduled to be completed in 2017 - entails construction of a new five-story Transit Center consisting of an above-ground bus level, a ground floor for general passenger circulation, a concourse level including retail space, and two floors of an underground "train box" - the core and shell of the rail facilities that, upon completion of those rail facilities during Phase 2 of the project, will serve as the terminal for the extension of Caltrain service to downtown San Francisco and, ultimately, California's future high-speed rail system.

The term loan arranged by Orrick's client Goldman provided an innovative solution to TJPA's interim financing needs for Phase 1. While TJPA had previously secured a \$171 million commitment for long-term financing from the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan program, the TIFIA loan proceeds will only be available to TJPA after certain conditions are met, expected by TJPA to occur in late 2015 or early 2016. Goldman was able to help TJPA address this funding gap by structuring a financing that allows TJPA to optimize the timing of the sale to private developers of certain TJPA real estate assets in the greater project area while at the same time providing TJPA funds needed in the near term to move construction work ahead on schedule. In addition to a pledge of net tax increment revenue generated from escalating property values in and around the project area, the bridge financing is secured by certain real property interests. In addition to structuring and arranging the financing, Goldman Sachs funded just over half of the term loan, with Wells Fargo funding the remaining portion.

"This transaction is one of the first examples we've seen of a bank arranging a sizeable syndicated loan to a governmental borrower," said Justin Cooper, lead Public Finance partner on the transaction, noting that "we may see more of this structure in the future given the unique needs of certain governmental projects and issuers and the heightened interest in this type of transaction we have observed from banks and other market participants."

Zach Finley, the lead Banking & Finance partner on the deal, added, "This transaction played perfectly to Orrick's core strengths in the areas of public finance, syndicated lending and real estate. We are honored to have been involved in this landmark project for San Francisco and the greater

Bay Area by advising Goldman Sachs on the legal aspects of such a tailored financing solution for TJPA.”

The Orrick team, which combined lawyers from our Public Finance, Banking & Finance and Real Estate groups, was led by partners Justin Cooper and Zach Finley and included associates Julie Eum (Banking & Finance), Devin Brennan (Public Finance) and Dustin Calkins (Real Estate).

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About Orrick

Orrick is a leading global law firm focused on counseling companies in the Tech, Energy & Infrastructure and Finance sectors. Financial Times consistently recognizes Orrick among the 10 most innovative firms in North America. Law360 named Orrick among the “Practice Groups of the Year” in Technology, Intellectual Property and Restructuring for 2014. Recognizing Orrick’s strong culture of client service excellence, mentoring, inclusion and community responsibility, The American Lawyer recently named the firm to its 10-Year A-List.

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