

Memorandum

October 6, 2023

To: Derek Hansel, Chief Financial Officer
Natalie Perkins, Director of Treasury
Metropolitan Transportation Commission
Bay Area Infrastructure Finance Authority

From: PFM Financial Advisors LLC

Re: Good Faith Estimate for Bonds Authorized by MTC Resolution 4616 and 4617
and BAIFA Resolution 50

On October 25, 2023 the Bay Area Infrastructure Finance Authority (“BAIFA”) and the Metropolitan Transportation Commission (“MTC”) plan to introduce BAIFA Resolution 50 and MTC Resolutions 4616 and 4617 that will authorize BAIFA to establish funding through a loan from Bank of America, N.A. (“BANA”) for the purpose of reimbursing the Bay Area Rapid Transit District (“BART”) a portion of the funds needed to acquire BART Replacement Fleet Railcars and fund expenses associated with the loan. Loan terms will be embodied in a credit agreement (the “Credit Agreement”) to be entered into between the BAIFA and BANA. The loan will be secured by Transit Formula Funds under 49 U.S.C §5307 and §5337 in the Concord, Livermore, Antioch, and San Francisco-Oakland urbanized areas (“UZAs”) programmed by MTC for the sole purpose of paying principal, interest, and fees on the BAIFA loan. The loan is expected to close on November 8, 2023.

The loan is structured as fully accreting revolving line of credit (including all interest and fees) up to \$450,000,000 with the interest rate on the drawn amount calculated based upon 80% of the Secured Overnight Financing Rate (SOFR) plus the adjustment of 11.448 basis points (“Adjusted SOFR Rate”) compounded quarterly. A spread of 70 basis points will be added to the Adjusted SOFR Rate. In addition, a fee of 30 basis points will be assessed on any undrawn amounts of the \$450 million commitment. Loan accretion is projected through three years after closing, based on semi-monthly loan draws to reimburse BART, and associated interest and fees. In addition, there will be a term-out for three years following accretion, for a total loan term of six years. The term-out option is not expected to be utilized and not evaluated as part of this assessment. An upfront fee of 10 basis points will be charged on the loan commitment and included in the loan amount.

PFM Financial Advisors LLC (“PFMFA”), as financial advisor to BAIFA and MTC, has been asked to provide certain Good Faith Estimates related to this remarketing

pursuant to California Government Code Section 5852.1. Section 5852.1 requires that the public body obtain and disclose the following information:

1. The True Interest Cost of the bonds
2. The finance charge of the bonds (all fees and charges paid to third parties)
3. The amount of proceeds received by the public body for the sale of the bonds less the finance charge of the bonds and any reserves and capitalized interest funded with bond proceeds
4. The total payment amount to the final maturity of the bonds, including debt service and any fees and charges not paid with bond proceeds

Transaction Results– Maximum of \$450 million tax-exempt revolving line of credit to fund the BART Railcar Replacement Program. Assumes semi-monthly draws based on schedule provide by MTC.

The table below provides the information requested by 5852.1:

True Interest Cost Estimate*	5.47%
<i>\$ in millions</i>	
Fees and Charges ⁽¹⁾	\$3.2
Net Proceeds Estimate	\$378.6
Total Debt Service Estimate ⁽²⁾	\$439.1

(1) Includes Upfront Fee, Legal and Advisory Expenses, and Commitment Fee on Undrawn Balance

(2) Interest calculated at 80% of the greater of 1.10 x the 12-month average of SOFR or 1.10 x the last SOFR Reset as of 10/6/2023 and the 11.448 basis point SOFR adjustment. BANA 70-basis point spread added to the adjusted SOFR rate; *excludes term-out*

Should you have any questions, please contact Robert Rich at 609-306-5888 or richr@pfm.com.