



Memorandum

January 17, 2024

To: Derek Hansel, Chief Financial Officer
Natalie Perkins, Director of Treasury
Bay Area Toll Authority

From: PFM Financial Advisors LLC

Re: Good Faith Estimate for Bonds Authorized by Resolution 174

On January 24, 2024, the Bay Area Toll Authority (“BATA”) is expected to consider Resolution 174, which will authorize BATA’s 2024 Plan of Finance, including the maintenance of the current variable rate portfolio, the issuance of tax-exempt refunding bonds to take advantage of refunding and tender opportunities in the debt portfolio through January 2025, and tax-exempt new money fixed and floating rate bonds to fund capital projects. BATA has eight series of bonds, 2008 Series B-1, 2008 Series G-1, 2017 G, and 2021 Series B, which are due for purchase on April 1, 2024, in the total amount of \$370,825,000 and \$291,730,000 of 2019 Series A-D Variable Rate Demand Bonds (“VRDBs”) for which the Letters of Credit expire on 8/1/2024. The Resolution will also authorize a refunding and a tender and refunding of outstanding BATA bonds to produce debt service savings consistent with BATA’s debt policy. In addition, \$750 million of new money bonds are to be authorized to fund capital projects, which will include \$200 million of additional VRDBs and \$550 million of fixed rate new money bonds. BATA also plans to refund its 2010 Series S-1 Build America Bonds maturing on April 1, 2030 using a make whole call.

PFM Financial Advisors LLC (“PFM”), as financial advisor to BATA, has been asked to provide certain Good Faith Estimates related to this refinancing 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.

The estimates provided herein are based on the information available to PFM and the Authority at this time. Actual results of the contemplated transactions will be determined by market conditions at the time the bonds are priced and other factors.

2024 Series A – E, G VRDBs

BATA has \$370,825,000 of bonds due for purchase on April 1, 2024 and \$291,730,000 of Variable Rate Demand Bonds (VRDBs) with expirations on August 1, 2024. These bonds are to be refunded with six series of senior lien VRDBs in the amounts of \$85,000,000, \$110,000,000, \$102,555,000, \$152,840,000, \$97,160,000 and \$115,000,000. PFM has assumed a base interest rate of 2.26% for new weekly VRDBs and 2.70% for new daily VRDBs (110% of the six month VRDB averages), 6 basis points for remarketing, and Letter of Credit (“LOC”) costs commensurate with the LOC assigned to each series. The VRDB maturities are expected to be from 2055 to 2059.

In addition to the support costs noted above, the Good Faith Estimates assumes estimated Costs of Issuance for the transaction of approximately \$1.05 million, and a total underwriter’s discount of \$1.09 per bond. These transaction costs are intended to be paid from BATA’s cash on hand, not financed through the transaction. In addition, BATA will deposit approximately \$13.0 million in a defeasance escrow structured to refund the outstanding bonds and to maximize positive arbitrage. Refunding VRDBs and the cash contribution are sized to fund the escrow at the maximum interest rate on the refunded floating rate bonds. The escrow will be funded at the 12% maximum interest rate for floating rate bonds with the difference between the actual interest rate on the refunded floating rate bonds and the 12% maximum interest rate on the floating rate refunded bonds remitted to the Authority after redemption. Approximately \$154.0 million of the refunded bonds are term rate bonds with a fixed rate of 2%.

Good Faith Estimates – \$662,555,000 Variable Rate Bonds, Series A – E, G

The tables below provide the estimates requested by 5852.1 for all refunding VRDBs:

Series A – E, G

True Interest Cost	2.45%*
Fees and Charges	\$14.81 million**
Net Proceeds	\$662.56 million
Total Payment Amount	\$1.28 billion*

**Includes constant LOC and remarketing fees through the final maturity. **includes BATA cash contribution*

2024 Series F-1 Fixed Rate, Series H – I VRDBs New Money Bonds

BATA is authorized to issue up to \$750,000,000 of fixed rate new money bonds to fund capital project costs. The new money bonds will be issued on the senior lien,

the assumed transaction consists of \$550,000,000 of fixed rate bonds and \$200,000,000 of Variable Rate Demand Bonds. The fixed rate bonds mature from 2032-2047, and 2055-2059, while the VRDBs mature from 2055-2059. Underwriter's discount is estimated at \$3 per bond for the fixed rate bonds and \$1.09 per bond for the VRDBs. Cost of issuance is estimated to be \$1.37 million for the fixed rate bonds and \$200,000 for the VRDBs.

The table below provides the estimates requested by 5852.1 for the senior lien new money fixed rate bonds:

Senior Lien New Money Bonds	Fixed Rate Bonds	Variable Rate Demand Bonds
True Interest Cost	3.80%	2.72%*
Fees and Charges	\$3.00 million	\$0.48 million**
Net Proceeds	\$835.97 million	\$200.00 million
Total Payment Amount	\$1.06 billion	\$0.40 billion*

*Includes constant LOC and remarketing fees through the final maturity.

**includes BATA cash outlay

2010 S-1 Series (Build America Bonds) Refunding

BATA is also considering utilizing the Make Whole Call Provision associated with the 2010 Series S-1 Bonds to effectuate the refunding of the term bond maturing April 1, 2030 for which bonds through April 1, 2028 remain outstanding in the amount of \$110,965,000. In 2023, BATA utilized a tender refunding of \$61,550,000 of the bonds maturing on April 1, 2030. The assumed refunding bonds total \$88.3 million, are issued on a subordinated lien and amortize from 2025-2028. The reduction of Build America Bond debt services reduces the risk to BATA of further reductions in federal interest subsidy payments provided for Build America Bonds.

The table below provides the estimates requested by 5852.1 for the subordinate lien BABs refunding bonds:

Subordinate Lien BABs Refunding Bonds	
True Interest Cost	2.52%
Fees and Charges	\$0.36 million
Net Proceeds	\$93.05 million
Total Payment Amount	\$98.28 million

2024 Tender Refunding

BATA is also considering a tender refunding of the 2019 F-1 and 2021 F-1 bonds funded from the issuance of refunding bonds. A tender refunding requires BATA to purchase bonds from existing bondholders at a price based on current market value plus a premium. The sale, or tender, to BATA of those bonds is completely at the discretion of the current bondholder and involves several considerations particular to that investor. PFM has identified approximately \$338 million of the Series 2019 F-1 bonds and \$27 million of the Series 2021 F-1 bonds that are projected to generate present value savings at or above 3% of the refunded par amount in accordance with BATA's debt policy, based on current market conditions and tender price assumptions. PFM's Good Faith Estimates are based on 20% tender success of the remaining 2019 F-1 bonds and an overall cap of 19% on the 2021 F-1 bonds, including the bonds already tendered based on preliminary tax allocations provided by Orrick, BATA's tax counsel. Bond maturities for the tender funding bonds are assumed in the same year as the bonds tendered. Actual targeted maturities and overall transaction size and structure will be dependent upon market conditions and tender participation, among other factors.

The Good Faith Estimates assume estimated costs of Issuance for the tender refunding transaction of approximately \$0.38 million, a dealer-manager fee of \$2.50 per bond tendered, and a total underwriter's discount of \$4.02 per bond.

The table below provides the estimates requested by 5852.1 for the senior lien tender refunding bonds:

Senior Lien Tender Refunding Bonds

True Interest Cost	3.59%
Fees and Charges	\$0.81 million
Net Proceeds	\$65.61 million
Total Payment Amount	\$88.69 million

Should you have any questions, please contact Robert Rich at 609-306-5888 and Christine Choi or Peter Shellenberger at 415-982-5544.