

Bay Area Toll Authority

April 22, 2026

Agenda Item 4a - 26-0411

BATA Resolution No. 197. Authorizing Issuance of Additional Bonds and Approving Receipt of the Good Faith Estimate

Subject:

A request that the Authority approve BATA Resolution No. 197, authorizing the issuance of additional bonds and approving receipt of the Good Faith Estimate.

Background:

In January 2026, the Authority approved Resolution 194 authorizing the 2026 Plan of Finance. Resolution 194 authorized the issuance of up to \$750,000,000 in new money bonds to fund bridge rehabilitation and Regional Measure 3 (RM3) projects and to potentially allow existing subordinate and second subordinate lien bonds to be refinanced on the senior lien of the Authority, if that would be the most efficient refunding structure. Resolution 194 also authorized the maintenance of the current variable rate portfolio and the issuance of refunding bonds to take advantage of refunding opportunities in the debt portfolio through April 1, 2027. In February and March 2026, the Authority priced and closed five series of refunding bonds. One of the series of refunding bonds required the use of \$384,510,000 of the new money authorization provided in BATA Resolution 194 as the refunding bonds were issued on the senior lien, while the refunded bonds had been issued on the subordinate lien. Resolution 197 authorizes an additional \$384,510,000 in new money bonds to replenish the authorized new money amount following this unanticipated use of a significant portion of the Authority's new money authorization.

March Refunding Transactions and Additional New Money Authorization

The Authority issued a total of \$1,013,000,000 in refunding bonds in March. These bond issues included \$166,665,000 in term rate bonds, \$461,825,000 in variable rate demand bonds (VRDBs), and \$384,510,000 in fixed rate bonds. The term rate and variable rate demand bonds were issued to refinance outstanding term rate bonds, VRDBs, and floating rate notes that had upcoming mandatory purchase or letter of credit expiration dates. The \$384,510,000 in 2026 Series F-1 fixed rate bonds were issued to refinance \$409,975,000 in outstanding 2010 Series S-1 taxable Build America Bonds (BABs) for net present value savings of \$20,430,858.

The BABs were issued under a program created by the American Recovery and Reinvestment Act of 2009 (ARRA) that was available in 2009 and 2010. Under the program, municipal issuers could issue debt for tax-exempt eligible projects on a taxable basis and receive a 35% subsidy on

interest payments from the federal government. Beginning in 2013, the federal government reduced the amount of the subsidy payment through sequestration of the federal budget. The dollar amount of the payment has been reduced every year since 2013 by between 5.7% and 8.7%. Due to this reduction and the uncertainty around future federal subsidy payments, staff has been monitoring the Authority's BABs portfolio for refunding opportunities and refunding them when the Authority can do so at no cost or for savings. After the approval of Resolution 194, market conditions shifted allowing the Authority to refund a portion of the 2010 Series S-1 BABs for savings. The refunding bonds were issued on the Authority's senior lien, while the BABs were issued on its subordinate lien. This change in lien meant that a portion of the new money authorization from Resolution 194 was used even though it didn't represent a "true" new money borrowing.

Resolution 197 authorizes up to \$384,510,000 in additional new money bonds to replenish the authorization used to refund the 2010 Series S-1 Bonds, bringing the Authority's total new money bond authorization to \$750,000,000, which includes the remaining \$365,490,000 from Resolution 194. This additional new money authorization is necessary regardless of whether future new money bonds may be sold on the second subordinate lien. New money bonds issued would finance a portion of BATA's \$2,290,889,000 FY 2024-2033 Capital Improvement Plan (CIP) as well as a portion of the \$4,450,000,000 RM3 program.

Per the terms of the senior indenture, Attachment A of the resolution includes calculations confirming that the requirements of the senior indenture's additional bonds test are met for the authorized \$384,510,000 in new money debt, together with the remaining \$365,490,000 authorization from the prior resolution. Upon adoption, Resolution 197 will supersede and replace Resolution 194 in its entirety and will serve as the sole authorization for the issuance of Additional Bonds, Refunding Bonds, and all other Bonds. Any bonds and bond documents executed and delivered pursuant to Resolution 194 prior to adoption of Resolution 197 will, however, remain valid and in full force and effect. The other terms of Resolution No. 197 are identical to Resolution No. 194, and the plan outlined in the January 14, 2026 BATA Oversight staff memo remains the same, including the members of the underwriting team.

Issuance Parameters

BATA Resolution No. 197 includes specific issuance parameters that must be followed for all financing transactions authorized, including:

Issuance Parameters

Total New Money par	\$750,000,000
Remaining Par from Resolution No. 194	\$365,490,000
Additional Par from Resolution No. 197	\$384,510,000

Term Limit

Tax-exempt	40 years
Taxable	50 years

Interest Rate Cap

Tax-exempt	5.50%
Taxable	6.25%
Variable Rate	12%
Variable Rate Bank Bonds	15%

Underwriters' Discount/Fee

Tax-exempt	0.75%
Taxable	0.75%

Other costs 2.0%

Refunding savings 3% present value

These issuance parameters include maximum amounts, costs, and rates that would be authorized by the resolution; actual rates and costs are expected to be well within these maximums.

Refunding parameters are the minimum savings requirement for an economic refunding; however, a refunding may be possible for other purposes with the concurrence of the Chief Financial Officer and the Executive Director, with the advice of the Authority's municipal

advisor. All financing parameters are confirmed by the Authority's municipal advisor, Montague DeRose and Associates (MDA), as part of the closing process on each financing transaction.

Good Faith Estimate

In accordance with state law, BATA has received a good faith estimate from MDA. The good faith estimate provides estimates for the contemplated transactions including the full \$750,000,000 in authorized new money financing and \$371,800,000 in refunding of short-term bonds and BABs. The good faith estimate includes true interest costs, fees and charges paid to third parties, total proceeds received, and the total principal and interest payments. In addition, MDA certifies all transactions are conducted in accordance with the limitations of Resolution 197 and the Authority's debt policy.

Issues:

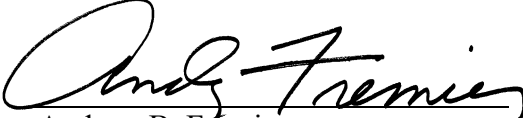
None identified.

Recommendations:

Staff recommends that the Authority approve Resolution No. 197. The funds necessary to carry out the financing plan will come from the approved FY 2025-26 budget, bond proceeds, and/or will be included in the FY2026-27 budget, pending approval of the FY2026-27 budget.

Attachments:

- BATA Resolution No. 197
- Attachment A: Good Faith Estimate


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