

BAY AREA TOLL AUTHORITY
Bay Area Metro Center
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San Francisco, CA 94105
TEL 415.778.6700
WEB www.mtc.ca.gov

Memorandum

TO: BATA Oversight Committee

DATE: December 6, 2017

FR: Executive Director

W. I. 1254

RE: BATA Financing Update 2017 – BATA Resolution No. 120 Results

In accordance with the adopted debt policy, the CFO is required to report the results of approved financing authority and any refunding undertaken within that authority.

BATA Resolution No. 120, which is attached for your reference, was adopted in November 2016 authorizing a financing plan that runs to December 2018. Over the past year we have:

- Completed the last \$300 million project financing;
- Replaced and extended \$400 million in Letter of Credit with no change in fees; and
- Refunded senior and sub-lien bonds for \$325 million cash flow savings, \$143 million in net present value.

The final refinancing completed in July this year brings our refunding savings to \$643 million cash flow, \$419 million net present value since 2014.

A brief presentation prepared by our senior bankers and financial advisors is attached for your information.



Steve Hemings

Attachment

Date: November 16, 2016
W.I.: 1254
Referred by: BATA Oversight

ABSTRACT

BATA Resolution No. 120

This resolution authorizes the issuance of up to \$300,000,000 in additional bonds, in one or more series, to finance Authority projects and purposes, the issuance of refunding bonds, the development, update and publication from time-to-time of an official statement relating to the Authority and its bonds, the taking of various actions in connection with the Authority's outstanding bonds, swaps and reimbursement agreements, the execution and delivery of related bond, swap, credit, liquidity and disclosure documents, and all necessary actions in connection therewith.

Discussion of this action is contained in the Executive Director's Memorandum to the BATA Oversight Committee dated November 2, 2016.

Date: November 16, 2016
W.I.: 1254
Referred by: BATA Oversight

Re: Authorization of Issuance of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds

BAY AREA TOLL AUTHORITY
RESOLUTION NO. 120

WHEREAS, the Bay Area Toll Authority (the "Authority") has outstanding \$5,601,095,000 principal amount of toll bridge revenue bonds (the "Senior Bonds") issued pursuant to its Master Indenture, dated as of May 1, 2001, as amended and supplemented (the "Master Indenture"), and has outstanding \$3,585,000,000 principal amount of subordinate toll bridge revenue bonds (the "Subordinate Bonds") issued pursuant to its Subordinate Indenture, dated as of June 1, 2010, as amended and supplemented (the "Subordinate Indenture"); and

WHEREAS, the Authority has decided to authorize the issuance of up to an additional \$300,000,000 principal amount of toll bridge revenue bonds, as additional Senior Bonds, additional Subordinate Bonds or any combination thereof (collectively, the "Additional Bonds"), bearing either taxable or tax-exempt, fixed or variable interest rates, or any combination thereof, and the Authority has decided to authorize the sale and delivery of such Additional Bonds in one or more series from time-to-time through December 31, 2018 to provide funding for the Authority's authorized projects and purposes, including as authorized pursuant to Chapter 4, Chapter 4.3, and Chapter 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 applicable to the Authority (collectively, the "Act"); and

WHEREAS, the Authority has entered into a Reimbursement Agreement dated as of October 16, 2014 (the "Reimbursement Agreement") under which certain banks provide credit and/or liquidity support for a portion of the Authority's variable rate demand Senior Bonds, and it may be in the best interests of the Authority to amend, restructure, replace or terminate the Reimbursement Agreement; and

WHEREAS, it may be in the best interests of the Authority from time to time to issue Senior Bonds or Subordinate Bonds to refund outstanding Senior Bonds or Subordinate Bonds and related obligations, including pursuant to Article 10 and Article 11 of Chapter 3 of Part 1 of

Division 2 of Title 5 of the California Government Code (Section 53570 et seq.), as applicable; and

WHEREAS, it may be in the best interests of the Authority to convert outstanding variable rate demand Senior Bonds to another interest rate mode or modes; and

WHEREAS, the Authority has outstanding interest rate swaps in the aggregate notional amount of \$1,917,845,000 (the "Outstanding Notional Amount"), and it may be in the best interests of the Authority to amend, novate, restructure, replace or terminate any or all of the related interest rate swap agreements; and

WHEREAS, it may be in the best interests of the Authority to enter into additional reimbursement agreements, credit or liquidity support agreements or interest, asset or other swap agreements, including any such agreements relating to a private placement and/or direct purchase of a series of Additional Bonds, and there has been prepared and presented to the Authority a form of a Credit Facility and Reimbursement Agreement (the "Direct Purchase Credit Agreement") and a related purchase contract (the "Direct Purchase Contract"); and

WHEREAS, to facilitate the offering and sale of the Additional Bonds and the remarketing of outstanding Bonds, there has been prepared and presented to the Authority a proposed form of official statement or reoffering circular together with a proposed form of Appendix A to the official statement or reoffering circular relating to the Authority (collectively, the "Official Statement"), and the Authority expects to update the Official Statement from time-to-time in connection with the issuance of Additional Bonds or refunding bonds, or the remarketing of Senior Bonds or Additional Bonds that are variable rate demand bonds being converted to another interest rate mode or modes, or due to a change in credit or liquidity facility; now therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and that capitalized terms defined in the Master Indenture or the Subordinate Indenture that are used but not otherwise defined in this Resolution shall have the meanings assigned to such terms therein, as applicable; and be it further

RESOLVED, that the Authority hereby authorizes the issuance, from time-to-time, of Additional Bonds in one or more series and in one or more public offerings, direct purchases or other private placements in accordance with the terms of the Master Indenture, the Subordinate Indenture and Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highways Code, and, as applicable, Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2

of Title 5 of the California Government Code (Section 53570 et seq.), bearing either taxable or tax-exempt fixed interest rates, variable interest rates, or fixed interest rates that include coupon payments which change according to a schedule over the life of such bonds, or any combination thereof, in an aggregate principal amount not to exceed \$300,000,000 to:

- (1) fund Authority projects, including without limitation, constructing, improving, or equipping any of the bridges, or any of the purposes authorized by Chapters 4, 4.3 or 4.5 of Division 17 of the California Streets and Highways Code, and to reimburse the Authority for its prior payment of such costs;
- (2) increase the amount on deposit in the reserve fund under the Master Indenture as necessary to meet the requirements of the Master Indenture or fund any reserve fund contribution under the Subordinate Indenture;
- (3) pay the costs of issuance of the Additional Bonds, provided that the underwriters' discount (excluding any original issue discount) shall not exceed 1% of the aggregate principal amount of tax-exempt Additional Bonds issued and 2% of the aggregate principal amount of taxable Additional Bonds issued and other costs of issuance shall not exceed 1% of the aggregate principal amount of the Additional Bonds issued; and
- (4) pay any swap-related costs, legal or financial advisor fees, credit or liquidity support costs or other costs or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer in carrying out the purposes of this Resolution;

provided, however, that the aggregate principal amount of Additional Bonds issued pursuant to the foregoing authorization may not exceed \$300,000,000 and the Additional Bonds authorized hereby shall not be issued after December 31, 2018 without further authorization by the Authority; and be it further

RESOLVED, that subject to the foregoing, the series designations, dates, maturity date or dates (not to exceed 40 years from their date of issuance in the case of tax-exempt Additional Bonds and 50 years from their date of issuance in the case of taxable Additional Bonds), interest rate or rates, terms of redemption, and other terms of each series of Additional Bonds shall be as provided in one or more supplemental indentures to the Master Indenture or the Subordinate Indenture providing for the issuance of such series of Additional Bonds as finally executed by the Executive Director or the Chief Financial Officer, provided that the true interest cost for fixed

interest rate Additional Bonds may not exceed 4.50% per annum for additional tax-exempt Senior Bonds, 5.00% per annum for additional tax-exempt Subordinate Bonds, and 5.50% per annum for additional taxable bonds, and the interest rate for variable interest rate Additional Bonds may not exceed 12% per annum except with respect to any variable interest rate Additional Bonds that are held pursuant to a letter of credit, line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which credit or liquidity support is provided for Additional Bonds, pursuant to which the interest rate or rates shall not exceed 15% per annum; and be it further

RESOLVED, that the method of determining the interest rate or rates on variable interest rate Additional Bonds, the terms of tender and purchase of Additional Bonds, and the other terms of variable interest rate Additional Bonds shall be as specified in a supplemental indenture to the Authority's Master Indenture or Subordinate Indenture, in substantially the form of a supplemental indenture executed by the Authority in the past pursuant to the Master Indenture or the Subordinate Indenture, in each case with such additions thereto and changes therein (including, without limitation, additions or changes necessary or desirable to accommodate direct purchases of bonds or to establish terms and conditions relating to the issuance of fixed interest rate Additional Bonds that have coupon payments which change over the life of the bonds according to a schedule, or additional put or index bond or other structures, with or without liquidity or credit support) as the Executive Director or Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may approve (such approval to be conclusively evidenced by the execution and delivery of the supplemental indenture), and the Authority hereby authorizes the Executive Director or the Chief Financial Officer to purchase, from time-to-time, for and on behalf of the Authority, any of the variable interest rate Additional Bonds at a price equal to the principal amount of such Additional Bonds (plus accrued interest) on a date or dates selected by the Authority if such officer determines that it is in the best interests of the Authority to so purchase such Additional Bonds; and be it further

RESOLVED, that the Authority hereby determines pursuant to Section 3.01(B)(1) of the Master Indenture, based on the calculations in Attachment A to this Resolution, that the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Bonds (and Parity Obligations), including such Additional Bonds that are issued as Senior Bonds (or Parity Obligations), in the

aggregate principal amount of \$300,000,000, will not be less than 1.50:1, and the Authority hereby directs an Authorized Representative to update this calculation as of the actual date of sale of each series of the Additional Bonds that are issued as Senior Bonds to reflect the actual amount of Additional Bonds being sold and to proceed with the issuance pursuant to the Master Indenture only if the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available or projected Net Revenue for each of the next three Fiscal Years to (B) Maximum Annual Debt Service on the Additional Bonds that are issued as Senior Bonds (or Parity Obligations) and the actual amount of additional Senior Bonds being sold is not less than 1.50:1 as of said date of sale; and be it further

RESOLVED, that the Authority hereby authorizes the execution of one or more additional reimbursement agreements, credit or liquidity support agreements or direct purchase credit agreements or interest, asset or other swap agreements relating to a direct purchase and/or private placement of Additional Bonds, in substantially the form of, as applicable, the Authority's Reimbursement Agreement or the form of the Direct Purchase Credit Agreement (each, a "Support Agreement"), with such additions thereto or changes therein as the Executive Director or the Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve (the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each Support Agreement); and be it further

RESOLVED, that the Authority hereby authorizes each of the Executive Director and the Chief Financial Officer to amend, restructure, replace, or terminate the Authority's Reimbursement Agreement, including, but not limited to, replacing one or more of the banks that issue letters of credit pursuant thereto or converting one or more series of Senior Bonds to interest rates that do not require credit or liquidity support; and be it further

RESOLVED, that the Authority authorizes refunding any variable rate Senior Bonds and any fixed interest rate Senior Bonds and any Subordinate Bonds with fixed interest rate or variable interest rate Senior Bonds or Subordinate Bonds or any combination thereof, provided that: (1) the net present value economic benefit threshold of 3% in Resolution No. 51 shall apply to such refundings unless the Executive Director and the Chief Financial Officer determine (with the advice of the Authority's financial advisor) that it is in the best interests of the Authority to proceed with one or more refundings with a lower threshold to achieve other Authority objectives,

including, without limitation, improving the Authority's debt service profile in light of the Authority's overall portfolio of debt and invested assets, reducing exposure to liquidity costs or other variable rate risks, or making changes in covenants, redemption or conversion provisions applicable to such bonds or related credit or liquidity support agreements or swaps; (2) the principal amount of Additional Bonds authorized in this Resolution is hereby increased by the aggregate principal amount of such refunding bonds that the Executive Director and the Chief Financial Officer approve, provided that the aggregate principal amount of such refunding bonds may not exceed the amount necessary to redeem the outstanding Senior Bonds or Subordinate Bonds being refunded plus interest to the redemption date and the amount of any redemption premium and the expenses and related credit or liquidity support, swap or other costs associated with such refinancing; and be it further

RESOLVED, that the Authority hereby authorizes each Authorized Representative (as defined in the Master Indenture) to convert any variable rate Senior Bonds to another interest rate mode or mode, including new interest rate modes not currently found in the Master Indenture and to pay related costs, including with respect to credit or liquidity support or swaps, or other costs, fees or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer, with the advice of the Authority's financial advisor and bond counsel, in carrying out the purposes of this Resolution; and be it further

RESOLVED, that, because the Authority's cost of funds to pay interest on the outstanding Senior Bonds and the Additional Bonds will be affected by changes in interest rates, each of the Executive Director and the Chief Financial Officer is hereby authorized, for and on behalf of the Authority, to select counterparties for and prepare, enter into, and perform contracts and arrangements permitted by California Government Code Sections 5920 through 5923 in connection with or incidental to the issuance or carrying of the outstanding Senior Bonds and the Additional Bonds, and the Authority hereby finds and determines that such contracts and arrangements are designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or remarketing of the Senior Bonds and the Additional Bonds or to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is to be entered into, and each of the Executive Director and the Chief Financial Officer is hereby authorized:

- (1) to amend, restructure or terminate, including to replace or enter into one or more novations with respect to, existing swap agreements related to Senior Bonds;
- (2) to hedge the Authority's exposure to interest rate risk on all or any portion of the Additional Bonds issued bearing fixed interest rates or the outstanding fixed interest rate Senior Bonds or Subordinate Bonds by means of new interest rate swap agreements that obligate the Authority to make variable payments to swap counterparties, provided that (i) any new interest rate swap agreements shall not cause the aggregate notional amount of the Authority's interest rate swaps to exceed the Outstanding Notional Amount, and (ii) the resulting variable payment obligations of the Authority shall not exceed a contractual ceiling (which may be based on an index) approved by such officer;
- (3) to hedge the Authority's exposure to interest rate risk on all or any portion of the Additional Bonds issued bearing variable interest rates by means of new interest rate swap agreements that obligate the Authority to make fixed payments to swap counterparties, provided that (i) any new interest rate swap agreements shall not cause the aggregate notional amount of the Authority's interest rate swaps to exceed the Outstanding Notional Amount, and (ii) the resulting fixed payment obligations of the Authority shall not exceed 4.50% per annum if the related Additional Bonds are Senior Bonds bearing tax-exempt interest rates, 5.00% per annum if the related Additional Bonds are Subordinate Bonds bearing tax-exempt interest rates, and 5.50% per annum if the related Additional Bonds bear taxable interest rates;
- (4) provided, that all such contracts and arrangements referred to in (1) through (3) above shall be entered into in accordance with the Authority's Debt Policy, as amended from time-to-time, after giving due consideration to the creditworthiness of the counterparties, and in accordance with previously-utilized forms of swap documentation as guidelines for documentation, with such changes in swap documentation as shall be approved by such officer (and the amendments described in the parenthetical phrase in (1) and (2) above is hereby determined to be in accordance with the Authority's Debt Policy);
- (5) provided further, that each such contract or arrangement with respect to a Senior Bond heretofore or hereafter issued shall be a Qualified Swap Agreement if the

Authority has received a Rating Confirmation from each Rating Agency with respect thereto and if such officer determines, for and on behalf of the Authority, that (a) the notional amount of the contract or arrangement does not exceed the principal amount of the related series of Senior Bonds or portion thereof as applicable (and in making such a determination, such officer is hereby directed to calculate notional amounts as net amounts by taking into account and giving effect to all contracts and arrangements referred to above and rounding amounts as necessary to establish that each such agreement is a Qualified Swap Agreement) and (b) the contract or arrangement is intended to place the Senior Bonds on the interest rate basis desired by the Authority, that payments (other than payments of fees and expenses and termination payments, which shall be paid as set forth in the Master Indenture) thereunder shall be payable from Revenue on a parity with the payment of Senior Bonds, and that the contract or arrangement is designed to reduce the amount or duration of payment, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or conversion of Senior Bonds of the Authority;

- (6) provided further, that each such contract or arrangement with respect to a Subordinate Bond heretofore or hereafter issued shall be a Parity Obligation (under and as defined in the Subordinate Indenture) if such contract or arrangement is designated as a Parity Obligation in the certificate of the Authority required by Section 3.02(b) of the Subordinate Indenture; and be it further

RESOLVED, that the Authority hereby approves development and use of the Official Statement, relating to the Authority and any of its outstanding Senior Bonds or Additional Bonds that are publicly offered or remarketed, and authorizes the Executive Director and the Chief Financial Officer, and each of them, to publish, post or disseminate (and deem final for purposes of Securities and Exchange Commission Rule 15c2-12) the Official Statement and, as required from time-to-time, to update the Official Statement, including without limitation Appendix A thereto, with such changes, amendment and supplements therein as are approved by either of them, as the Authority's Official Statement and to authorize the distribution of each such Official Statement by underwriters, broker dealers and placement agents, as applicable, until such time as the Authority's audited financial statements for the Fiscal Year ending June 30, 2017 have been

finalized, delivered to and accepted by the Authority, in connection with which a new form of Official Statement will be prepared for approval; and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director and the Chief Financial Officer, and each of them, to select the parties to and execute and deliver (and the Secretary is authorized to countersign, if necessary) each of the documents that is necessary or appropriate to effect each of the transactions contemplated hereby, including, without limitation, supplemental indentures, official statements, reoffering circulars, remarketing agreements, pricing notices, credit or liquidity support agreements, reimbursement agreements, escrow agreements, continuing disclosure agreements and purchase contracts, including purchase contracts in the form of the Direct Purchase Contract, which is hereby approved, (collectively called the "Bond Documents") in substantially the forms approved hereby or executed by the Authority in the past, as applicable, with such additions thereto or changes therein, including, without limitation, additions or changes necessary or desirable to accommodate direct purchases or establish terms and conditions related to the issuance of fixed interest rate Additional Bonds having coupon payments that change over the life of the bonds according to a schedule, or in such other form as the officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve, the approval of such additions or changes or the approval of such other form to be conclusively evidenced by the execution and delivery of each Bond Document; and be it further

RESOLVED, that the Chair of the Authority, the Vice Chair of the Authority, the Executive Director, the Chief Financial Officer and other appropriate officers of the Authority, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all certificates, documents, amendments, instructions, orders, representations and requests and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution and to carry out, consummate and perform the duties of the Authority set forth in the Bond Documents and all other documents executed in connection with the Additional Bonds; and be it further

RESOLVED, that this Resolution shall take effect from and after its adoption.

BAY AREA TOLL AUTHORITY



Dave Cortese, Chair

The above resolution was entered into by the Bay Area Toll Authority at a regular meeting of the Authority held in San Francisco, California, on November 16, 2016.

**ATTACHMENT A
TO BATA RESOLUTION NO. 120**

ADDITIONAL SENIOR BONDS CERTIFICATE

BAY AREA TOLL AUTHORITY

Additional Bonds Test calculation for proposed \$300,000,000 of Additional Senior Bonds

	Fiscal Year 2016 Audited Results (000's)	Debt Service and Coverage Calculations
A Toll Revenues	\$714,132	
B Interest Income	12,006	
C Other Operating Revenues	22,830	
	<hr/>	
D REVENUE (A + B + C)	\$748,968	
E Less Category B Maintenance Expenses	26,376	
	<hr/>	
F NET REVENUE (D - E)	\$722,592	
Maximum Annual Debt Service on Senior Bonds as of November 2, 2016 (occurs in the Fiscal Year ending June 30, 2043)	\$318,388	
G Maximum Annual Debt Service after \$300,000,000 million of Additional Senior Bonds issued	\$333,388	
H Debt Service Coverage (F / G)	2.16	

* Excludes Debt Service on Subordinate Bonds, combined Maximum Annual Debt Service on all Outstanding Bonds as of November 2, 2016 is \$535.5 million.

Bay Area Toll Authority

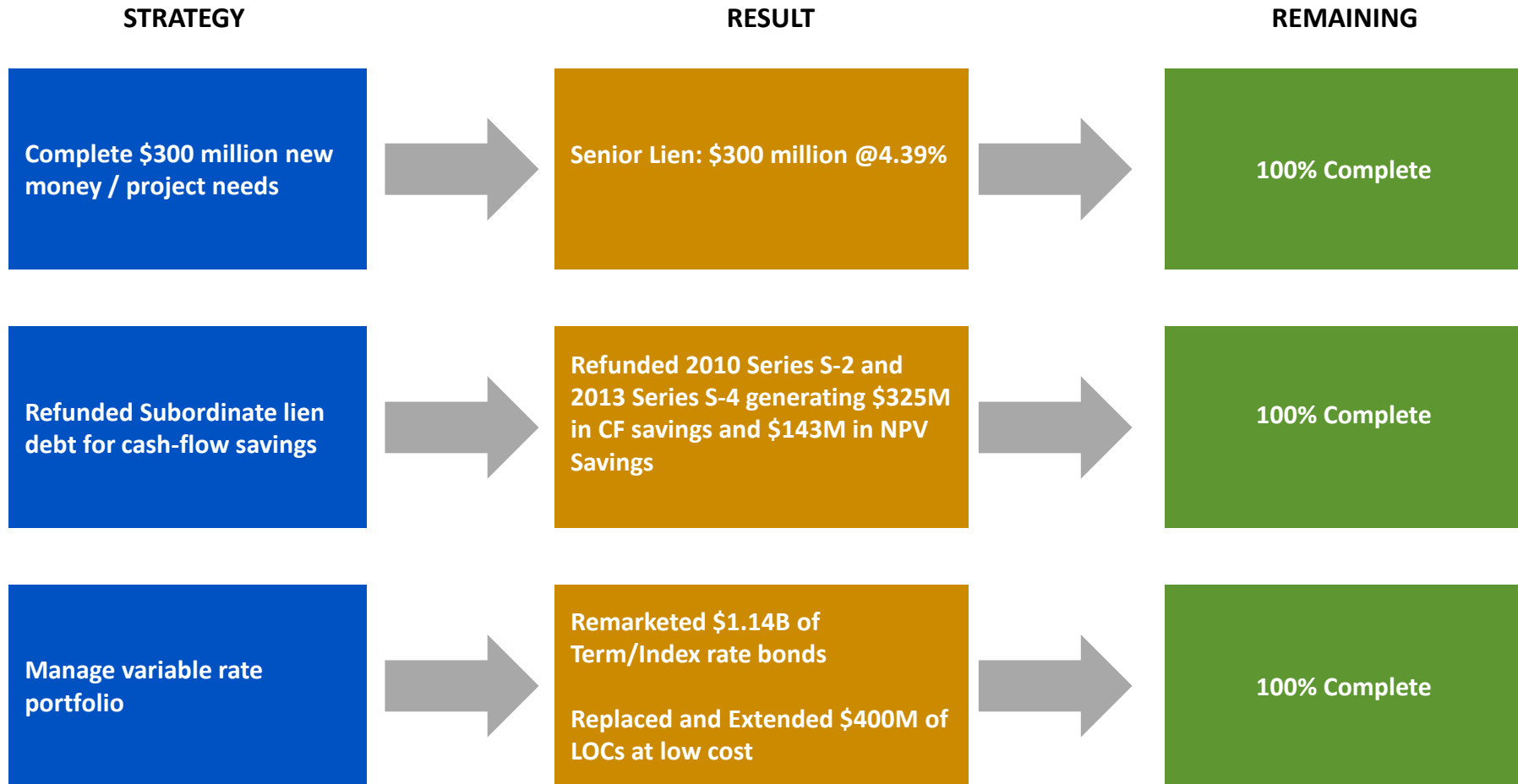


Execution and Results of Resolution 120



December 13, 2017

Major Objectives of Resolution 120



January and February Financing

\$890,015,000



- **\$300,000,000 Senior Lien New Money Projects**
 - Authorized rate of 5.25%
 - Attractive all-in cost of funds of 4.39%
- **\$590,015,000 Remarketing**
 - Remarketed 5 series of term and index rate put bonds
 - Put Dates 2022-2026
 - Achieved rates of 2.10%-2.95%
 - Diversified BATA's remarketing risk profile

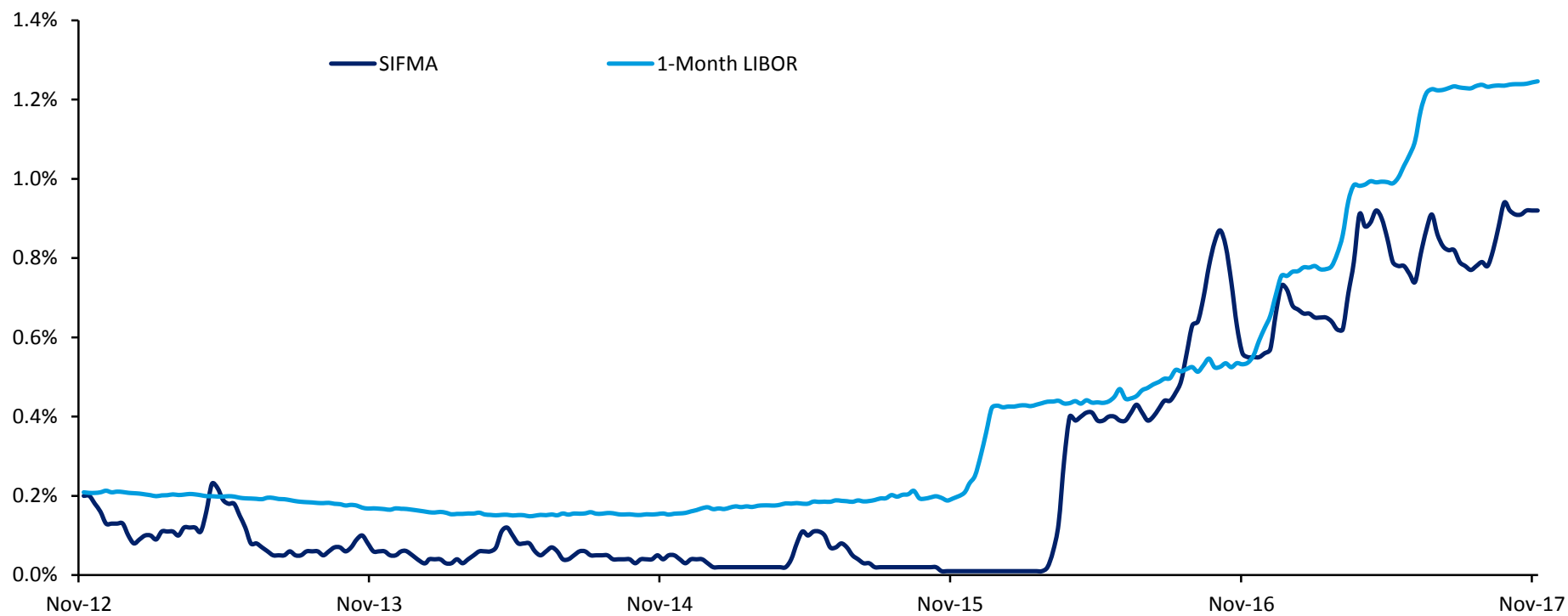
Senior Lien (Aa3/AA/AA)				
Series	2017 Series A	2017 Series B	2017 Series C	2017 Series D
Type	Term Rate	Term Rate	Term Rate	Index Rate
Par	\$125,225,000	\$125,225,000	\$151,715,000	\$156,850,000
Put Date	4/1/26 (9yr)	4/1/25 (8yr)	4/1/22 (5yr)	4/1/21 (4yr)
Put Type	Soft Put	Soft Put	Soft Put	Soft Put
Yield	2.95% (+67 spread)	2.85% (+71 spread)	2.10% (+50 spread)	70%3ML +55

June and July Financing

Replacement and Extension of \$400,000,000 in Letters of Credit

- June 2017, BATA substituted an expiring U.S. Bank Letter of Credit with a Bank of America, NA
 - Locked in 5 year attractive liquidity cost of 50 bps (Prior Rate of 0.38%)
- July 2017, BATA extended outstanding Letters of Credit with Bank of Tokyo, Sumitomo Mitsui Banking, Bank of America, NA
 - Locked in 5 year liquidity term at an attractive cost of 50 bps (Prior Rate of 0.50%)

Short Term Rates Since 2012



August Financing

\$1,954,260,000



\$552,085,000 Senior Lien 2017 Series E, G, H and \$1,402,175,000 Subordinate Lien 2017 Series S-7

- Remarketed senior lien term rate put bonds and refinanced subordinate lien fixed rate bonds for cash flow savings
 - Reduced MADS
 - Streamlined debt service profile
- The subordinate lien bonds were structured as 4% or lower coupons with a 10-year par call beyond 11 years
 - Largest sub 5% coupon bond transaction sold in the municipal market
 - Initially offered \$550M
 - Total orders of \$7.1 billion
 - Strong order flow resulted in \$1.2M in sub 5% coupons as final deal size
- Accumulated refunding savings since 2014 now over \$643M in cash flow savings and \$419M in PV savings

2017 Refinancing Savings

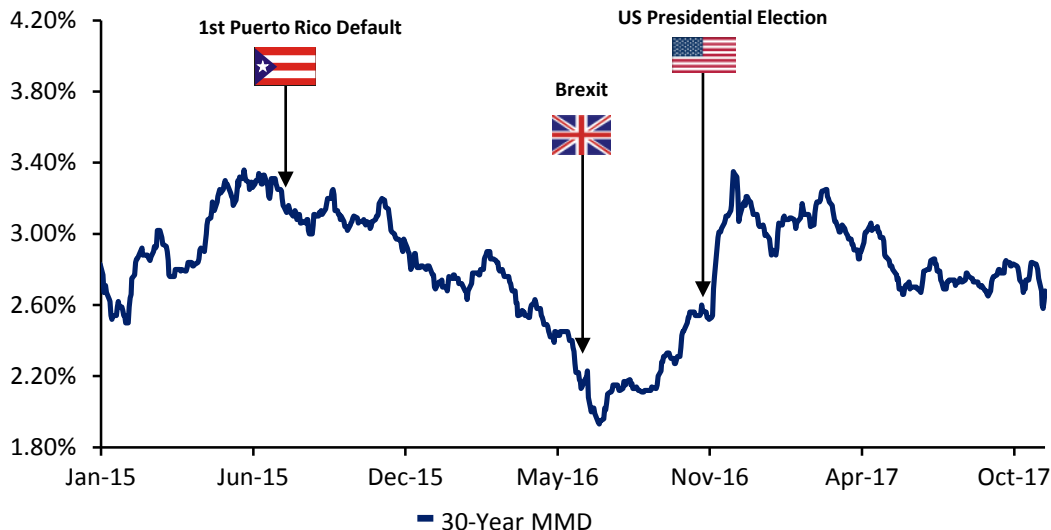
Prior Debt Service \$3,794,886,363

New Debt Service \$3,470,220,463

Cash Flow Savings \$324,665,900

Present Value of Cash Flow Savings \$143,060,831

Long Term Municipal Interest Rates Since 2015



Deal was voted Far West "Deal of the Year" by Bond Buyer

BATA continues to push, innovate, and develop products and structures that will benefit its constituents. Time and time again, BATA has been told "no one has ever done that" or "there are no buyers for that" and BATA continues to prove the market wrong and pave the way for other municipal issuers.

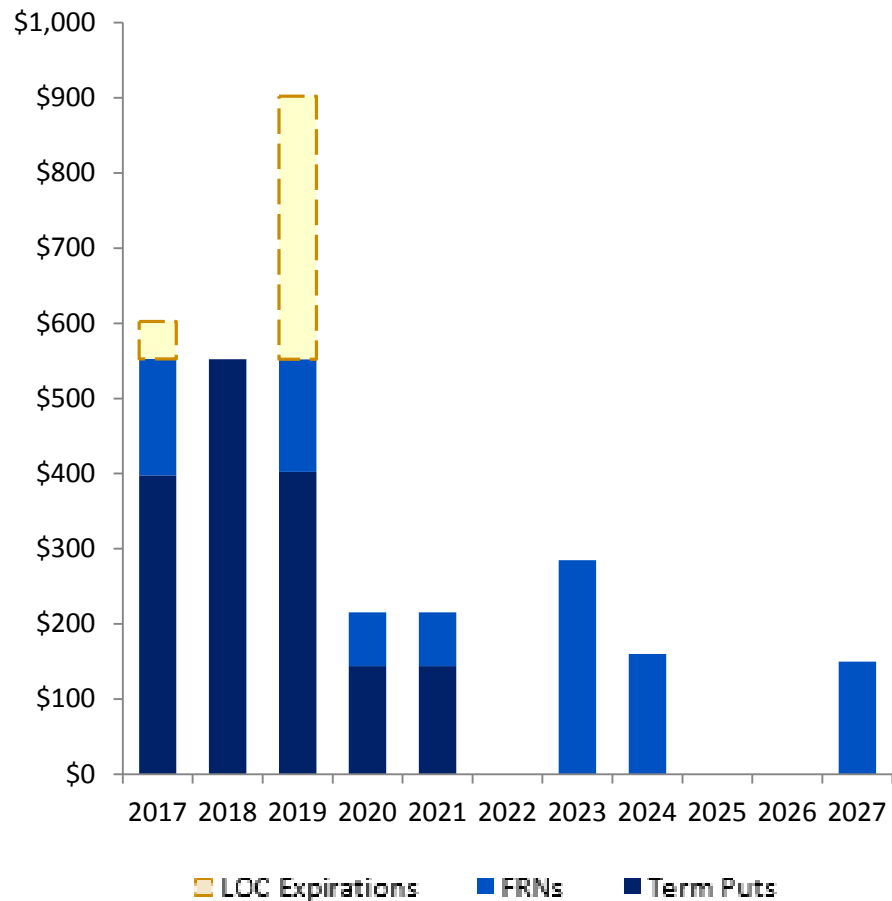
Deal of the Year Nomination

Managing The Variable Rate Portfolio

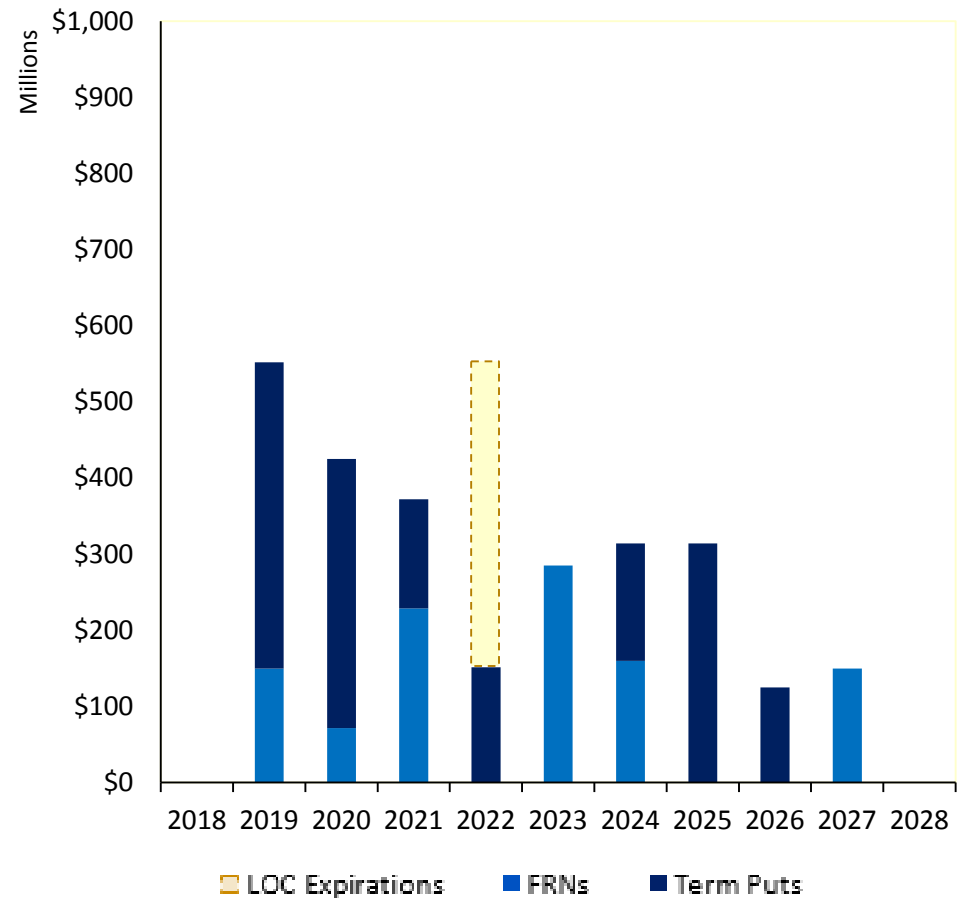


2017 Remarketing and liquidity extensions have mitigated BATA's rollover risk

**Scheduled Rollovers and LOC Expirations –
2016 Year End**



**Scheduled Rollovers and LOC Expirations –
2017 Year End**

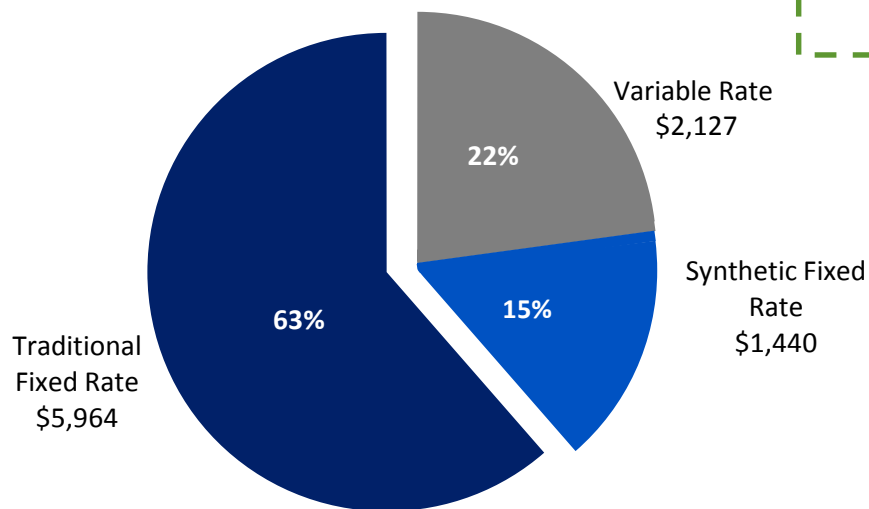


Overall Debt Profile Optimization



- Over half of BATA's debt is comprised of traditional fixed rate bonds (63%)
- The Swap portfolio has continued to manage risk and lower debt service costs
- BATA maintains a \$2.1 billion variable rate portfolio
 - Structurally diversified
 - Strong letters of credit in place
 - \$1 billion of variable rate exposure is offset by liquid assets maintained in the BATA hard deck

Fixed vs. Variable
After 2017 Financings



- 78% of portfolio is insulated from future interest rate fluctuations
- Only 4% of portfolio requires renewal of credit facilities

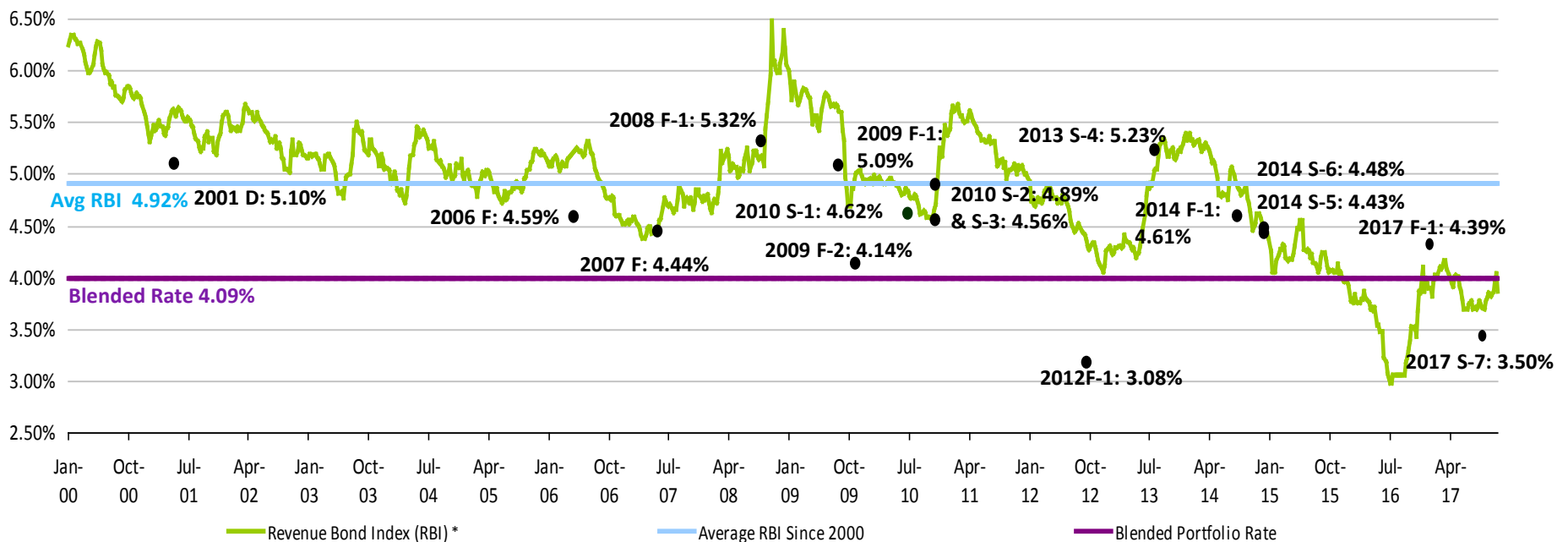
Variable rate is an important driver of BATA's low overall cost of capital to approximately 4%

Blending Down Overall Cost of Funds



- Completed \$300 million of planned project financings
- Current all-inclusive cost of funds is approximately 4.09% (Blended Portfolio Rate)
 - Translates to approximately \$79 million per year vs Average RBI
- Debt portfolio's low cost was achieved during period of extreme market volatility

Historical Interest Rate Market and BATA Fixed Rate Financing



*RBI is an "industry standard" index rate that provides an objective benchmark for BATA's cost of funds. Note BABs cost calculated net of the Federal subsidy

Next Steps for the Commission

