

Introduction

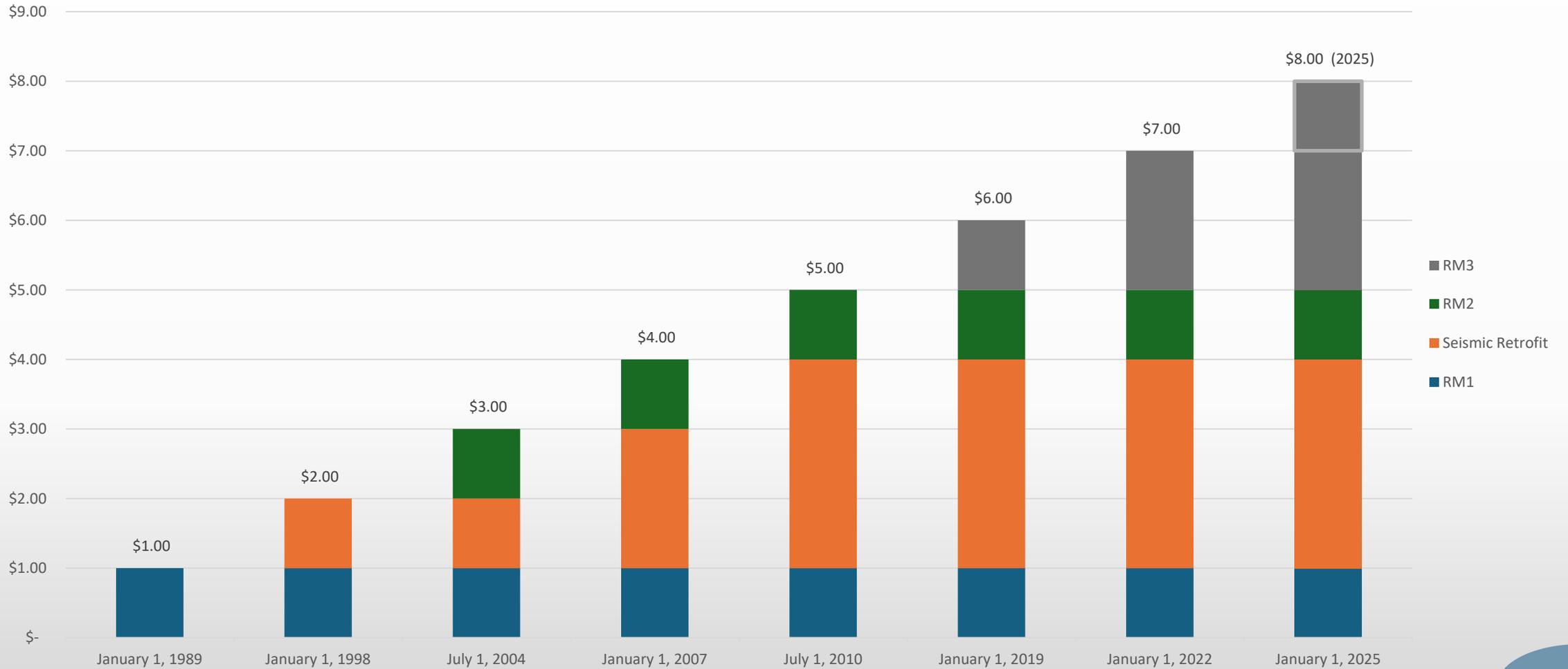
- Pandemic challenged the toll bridge system and its underlying financial assumptions
 - Reductions in traffic that appear to be a “new normal”
 - Conversion to all-electronic tolling
 - Increasing costs of capital work
- RM3 tolls are a credit positive but the program will require increased debt issuance to meet project needs
- Asset management work is continuing and will help inform toll increases necessary to appropriately fund bridge rehab expenditures

Agenda

- Bridge Tolls and Toll Revenue
- Investor Communications
- BATA Capital Structure
- Debt Issuance Considerations
- Asset Management
- Rehabilitation Program Toll Increases

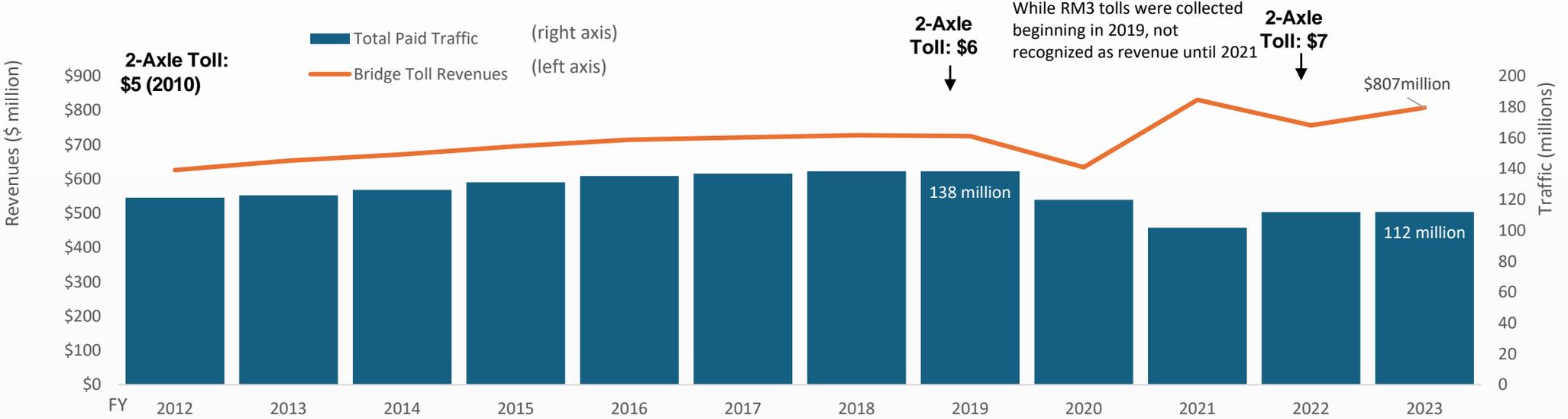
Bridge Tolls and Toll Revenue

Bridge Toll History



Paid Traffic and Bridge Toll Revenues

Annual Traffic and Bridge Toll Revenues



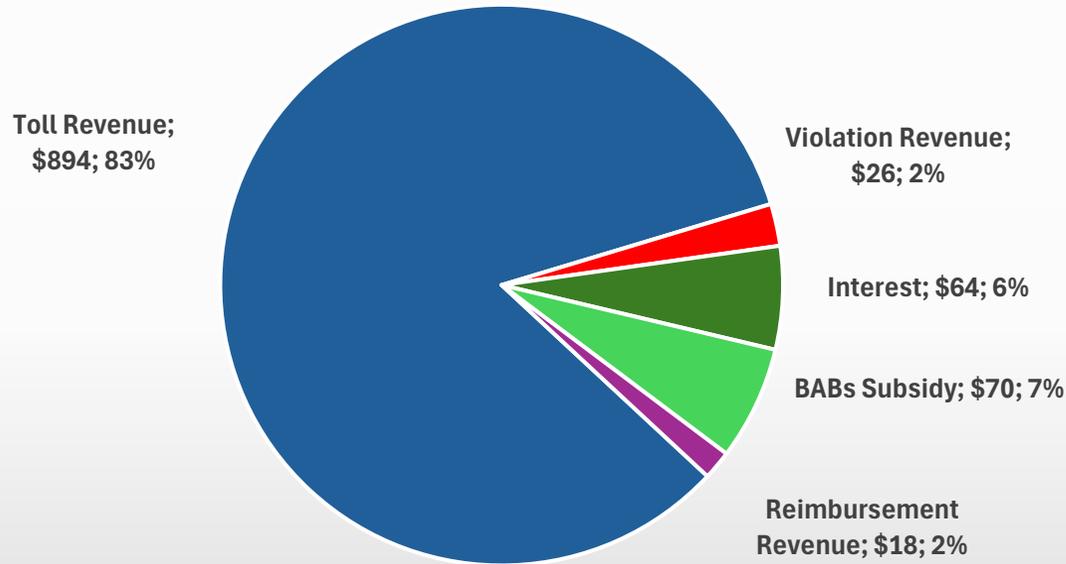
BATA Toll Rates are Below Comparable Crossings

Roundtrip Tolls – Prominent Bridges (2-axle)			
Facility	Location	Off-Peak/Electronic	Peak/By Mail
Chesapeake Bay Bridge/Tunnel	Maryland and Virginia	\$22.00	\$42.00
Chicago Skyway	Chicago	\$14.40	\$14.40
RFK Bridge	New York	\$13.88	\$22.38
George Washington Bridge	New York	\$13.38	\$17.63
Golden Gate Bridge	San Francisco	\$8.75	\$9.75
BATA Bridges	Bay Area	\$7.00	\$7.00
Ben Franklin Bridge	Philadelphia	\$5.00	\$5.00

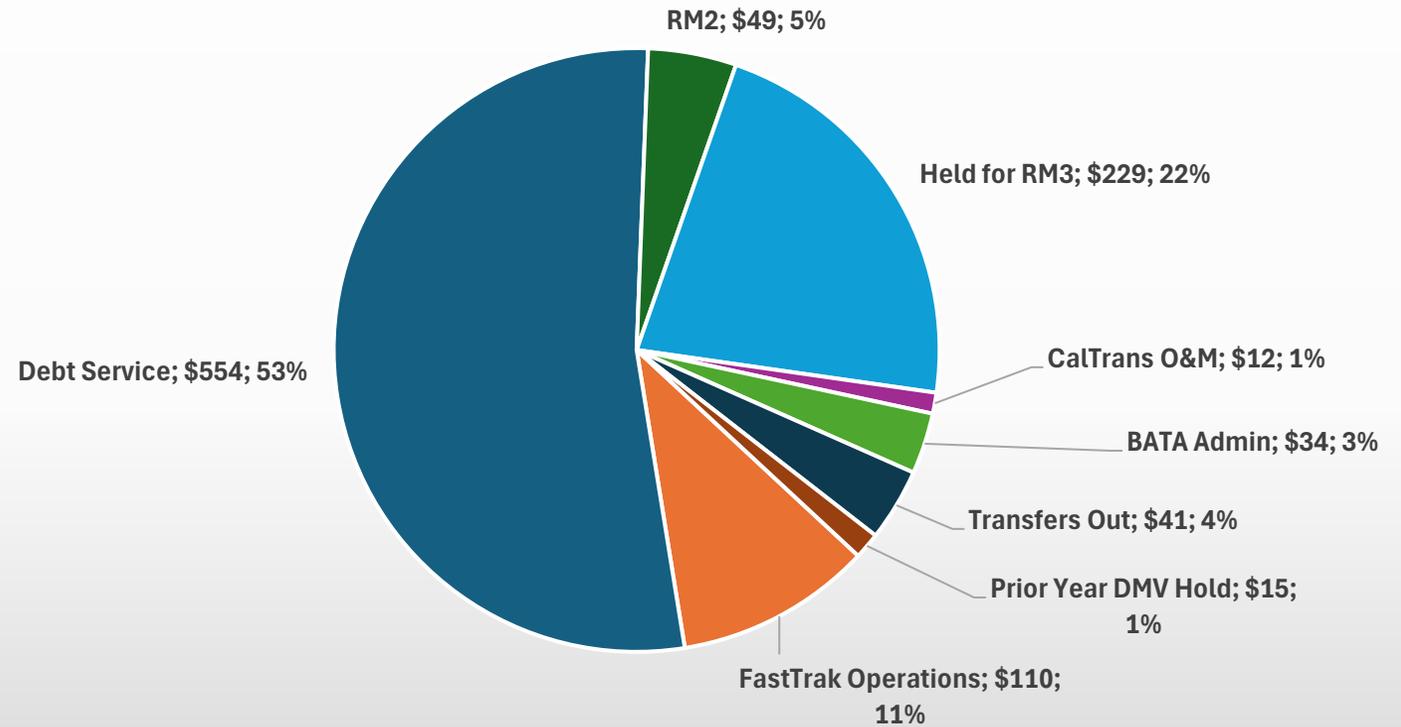
- Golden Gate Bridge charges a differential toll based on the method of payment: \$8.75 Fastrak, \$9.00 license plate account/one-time payment and \$9.75 for an invoiced toll
 - Each of these tolls will increase \$0.50 annually beginning July 1, 2024 for five years

FY 2024 Amended Operating Budget (\$ in millions)

Revenue - \$1,072



Operating Expense and Transfer - \$1,043

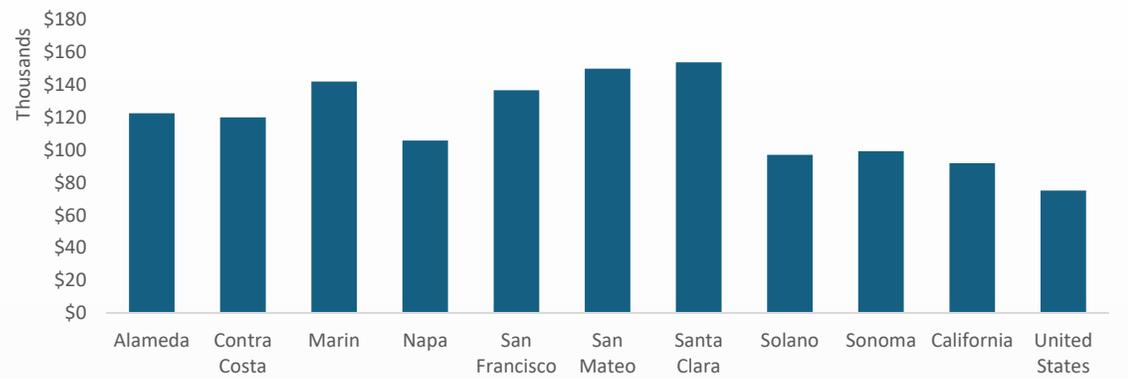


Investor Communications

The Bay Area is anchored by a strong economy

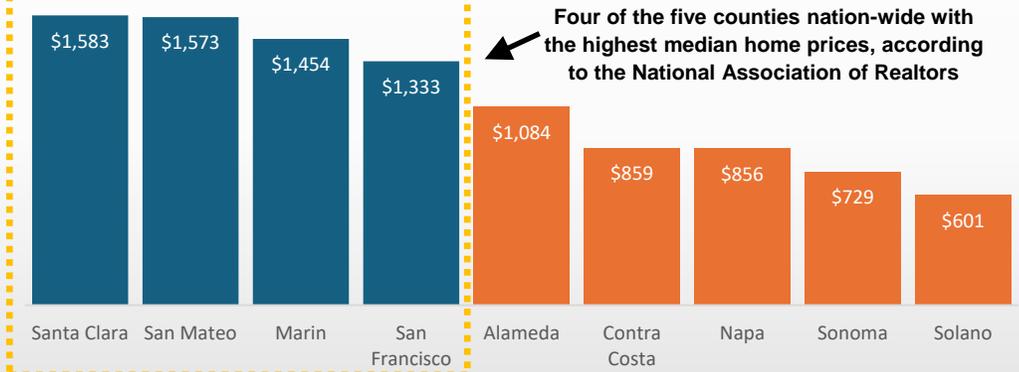


SF Bay Area Median Household Income vs California and US Levels



Source: US Census Bureau, QuickFacts, 2022, Geographies shown represent Combined Statistical Areas

SF Bay Area Median Home Prices by County (\$000s)



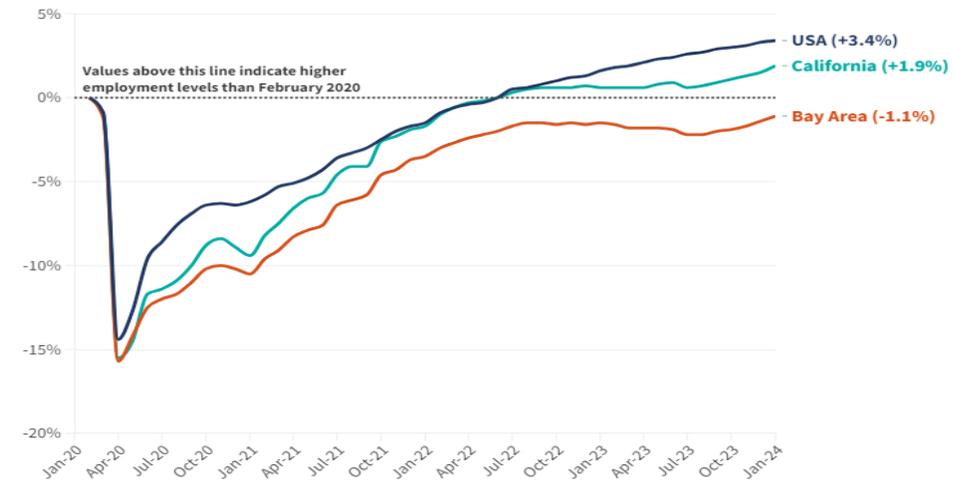
Source: Q3 2023 County Median Prices and Monthly Mortgage Payment By State." NATIONAL ASSOCIATION OF REALTORS®. March 8, 2024, <https://cdn.nar.realtor/sites/default/files/documents/2023-q3-county-median-prices-and-monthly-mortgage-payment-by-state-01-09-2024.pdf>.



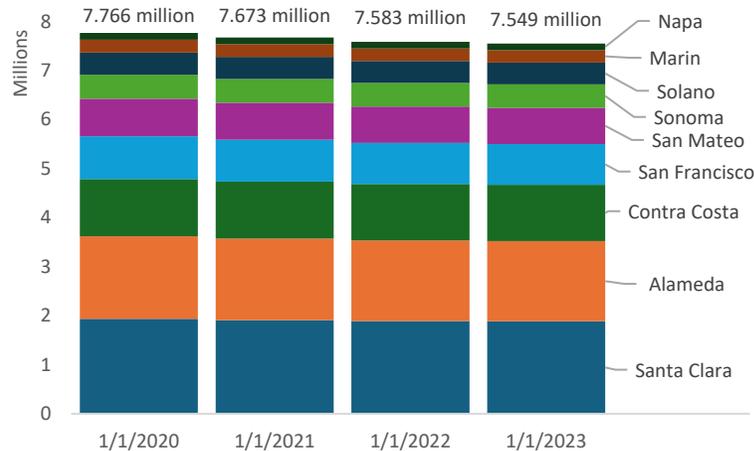
Key Bay Area metrics are trending upward

- The region has nearly recovered to pre-pandemic employment levels
- The Bay Area continues to remain the epicenter of venture capital funding, bringing in over twice as much per capita as Boston, the next highest funded region
 - The Bay Area is the leading center for artificial intelligence R&D
- Much of the migration during COVID-19 took the form of in-migration into other Bay Area counties that are connected by BATA crossings
- “Back to Office” has trended in a positive direction

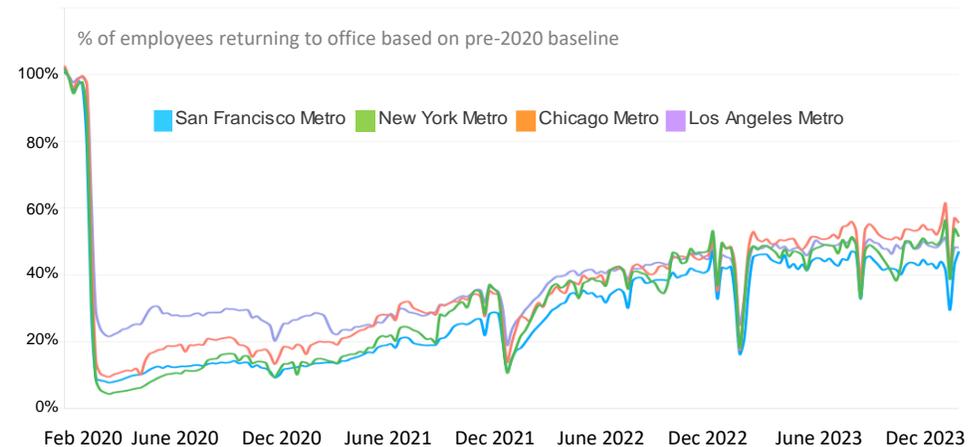
Job Growth in the Bay Area, California and Nation as of January 2024



Bay Area Population Change Since 2020



Back to Office Barometer



Sources: State of California Department of Finance; E-4 Population Estimates for Cities, Counties, and the State, 2021-2023; Bay Area Council Economic Institute; Kastle’s “Back to Work Barometer”



Investments in rehabilitation and repair demonstrate BATA's commitment to maintaining system assets

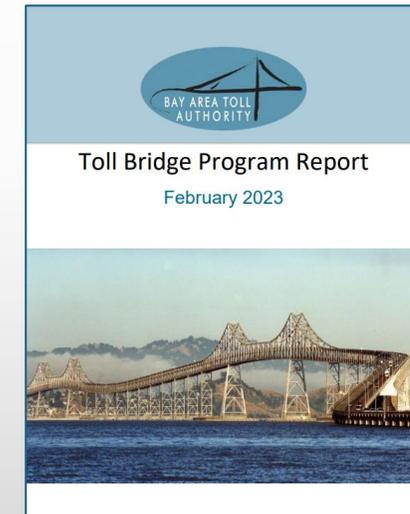
- ***Maintaining the toll bridges in a State of Good Repair is BATA's top priority***
- BATA's FY 2024-2033 CIP identifies \$1.8 billion for rehabilitation and operational improvements
 - FY 2024 Budget includes \$158 million
- BATA continuously reviews bridge capital needs with Caltrans. Prioritization for funding is based on bridge inspections by Caltrans and overall program needs and is reflected in the CIP
- Information on condition of bridges and rehabilitation projects is in the Toll Bridge Report first issued in April 2022 and updated in February 2023
- KPMG has conducted reviews of maintenance and rehabilitation programming

10-year CIP Summary	
Category	Total (\$ millions)
Structural Steel Painting	\$741
Recurring Annual Work ¹	437
Bridge Integrity	345
Other ²	341
Total	\$1,864

Note: BATA projects make up over 30% of entire 10-year CIP

¹ Includes FasTrak customer service center and transponders, bridge inspections, other technology

² Includes projects related to facilities, electrical, open road tolling

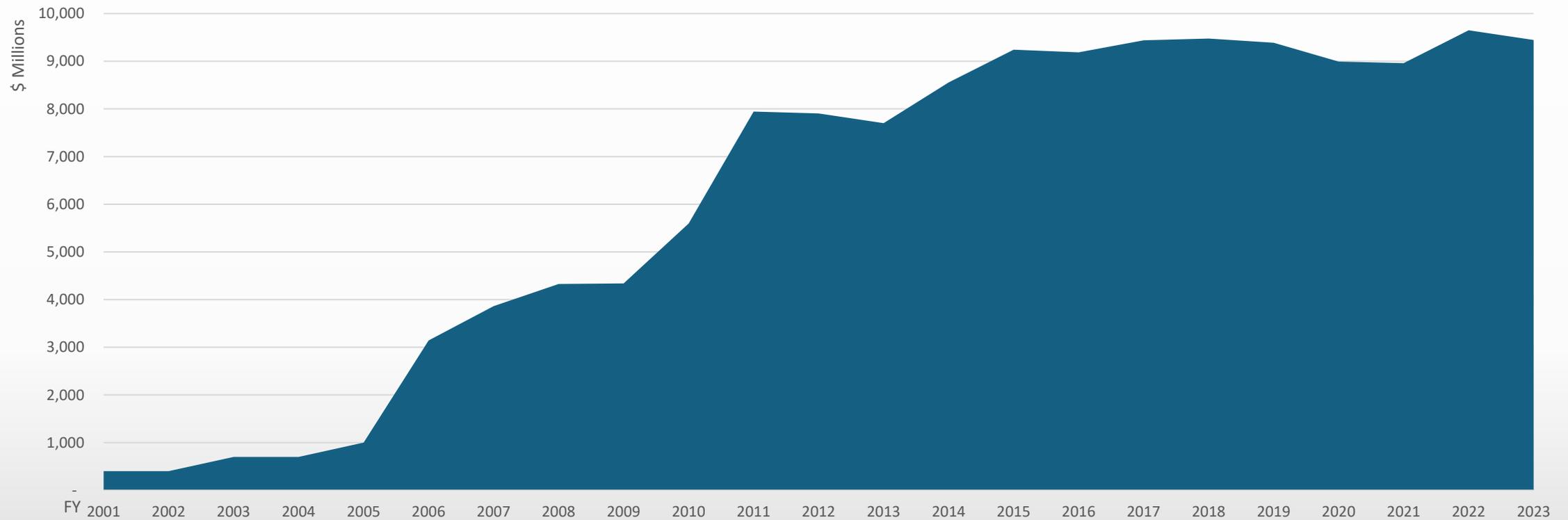


BATA Benefits from Statutory Covenants

- BATA's principal bond security is derived from a pledge of toll revenues less certain expenses
- In Streets and Highway Code Section 30963 the State of California pledges and agrees with bondholders:
 - Not to limit, alter, or restrict BATA's statutory rights to finance the toll bridge improvements authorized by California law
 - Not to impair the terms of any agreements made with the bondholders, or the rights or remedies of the bondholders until the bonds are fully paid and discharged
- Statutory covenant helps to protect BATA's authority to set tolls to meet its obligations under its bond indentures and the security for the bonds
 - State and US Constitutions offer certain protections for bondholders

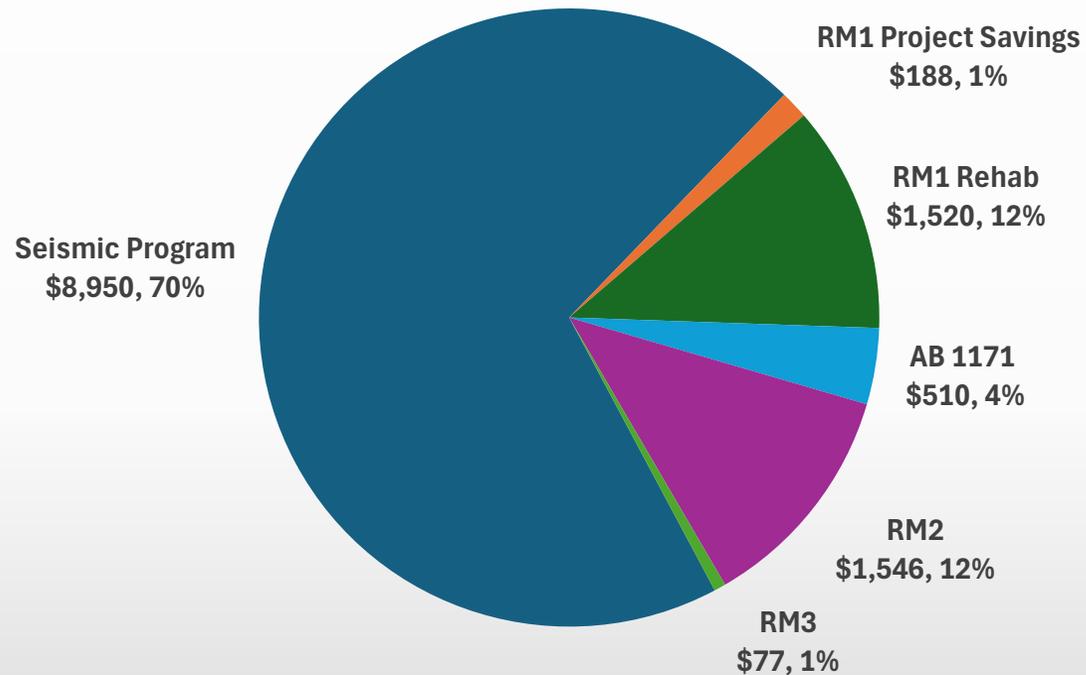
BATA Capital Structure

Outstanding Debt by Year

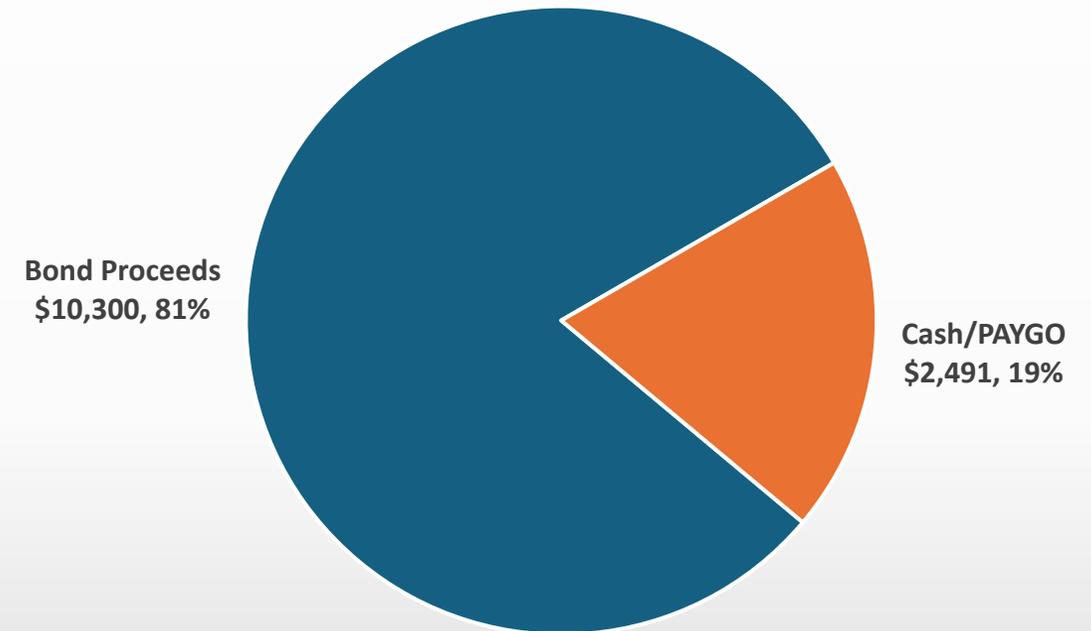


BATA Capital Programs (\$ in millions)

Expenditures through 12/31/23 - \$12,791

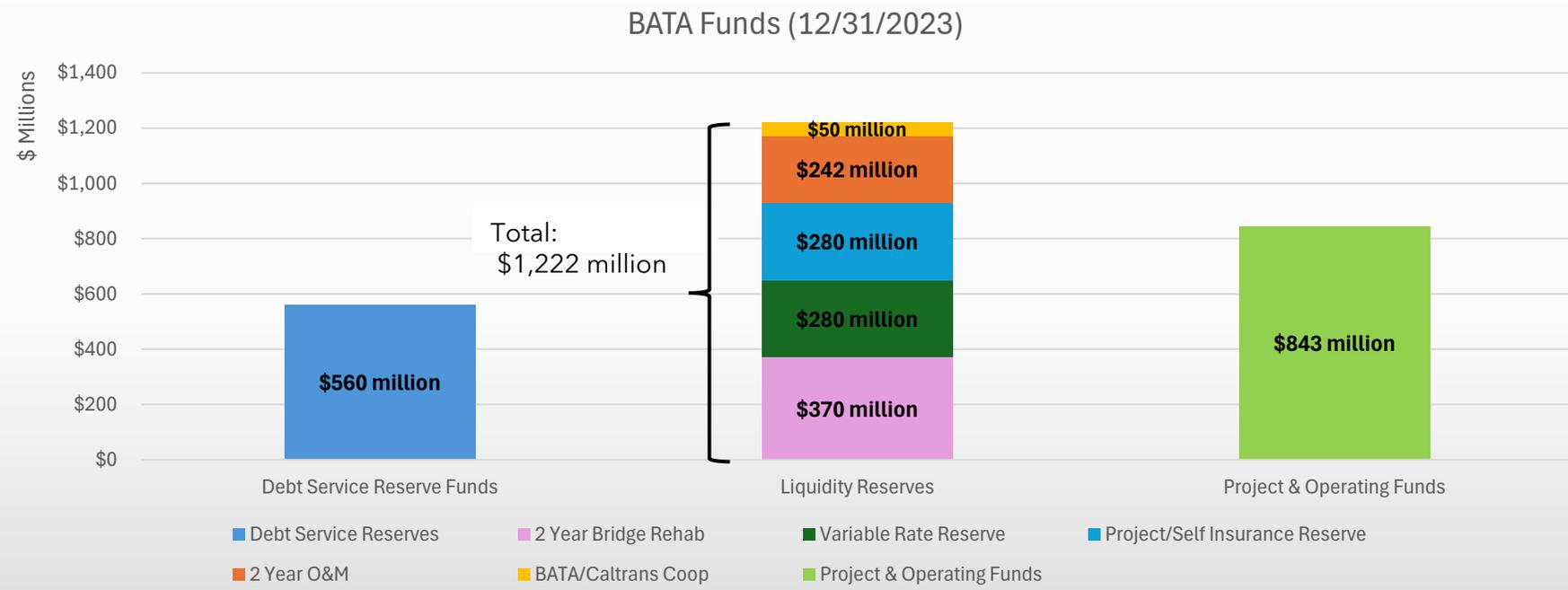


Funding Sources - \$12,791



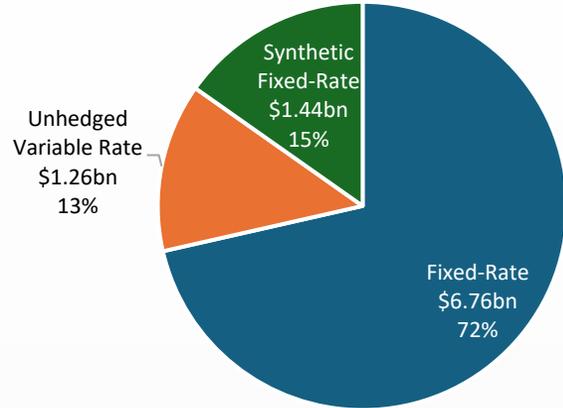
Commitment to BATA's bridge toll covenants, metrics and liquidity policies

- The Board has communicated its commitment to maintaining pledges to bondholders, best financial practices, and a strong credit
 - Safe operations of bridge system by funding bridge maintenance and rehabilitation
 - Sustain a minimum \$1 billion liquidity
 - AA level ratings from S&P and Fitch



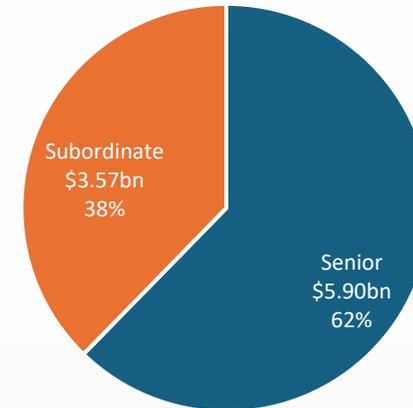
BATA's debt is highly rated and diversified by type and lien

Debt by Type¹



Total: \$9.47 billion

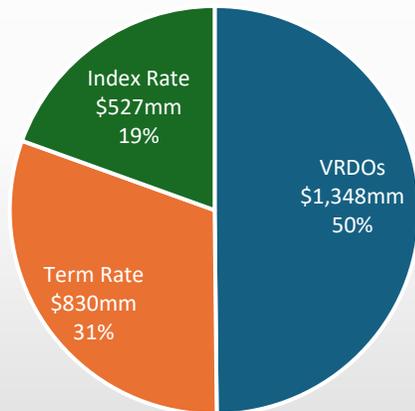
Debt by Lien¹



Total: \$9.47 billion

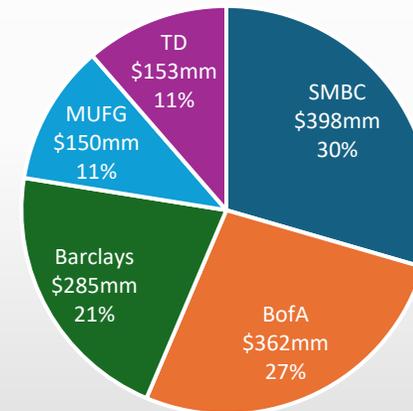
BATA Unenhanced Ratings		
Agency	Senior	Subordinate
Moody's ²	Aa3	A1
S&P	AA	AA-
Fitch	AA	AA-

Short Term Debt by Mode¹



Total: \$2.70 billion

Letters of Credit Bank Syndicate¹



Total: \$1.35 billion

Notes: (1) As of 3/31/2024. Excludes \$291.730 of economically defeased 2019 Series ABCD VRDOs and the associated LOCs. These bonds will be redeemed on May 29, 2024; (2) BATA's 2024ABCDEG Bonds do not carry Moody's ratings.



Debt Issuance Considerations

Funding of Maintenance and Rehabilitation

- Key Issues Considered
 - Ability to fund from current revenue
 - Tax considerations
 - What should be funded from current revenue vs. financed?
 - Maintenance expenses
 - Long-term capital expense
 - Intermediate-term rehab



San Mateo-Hayward Bridge
Repairs Underway

Regional Measure 3 (RM3)

- BATA has an obligation to fund \$4.45 billion in transit and highway projects set forth in statute and included in the RM3 ballot measure
- BATA obligated to provide transit operating funds of 16% of the RM3 toll, capped at \$60 million per year
- Current RM3 revenue is approximately \$17.9 million/month
 - Operating transfers of approximately \$2.9 million/month
- After 3rd dollar in place on January 1, 2025, RM3 toll revenue will be approximately \$26.8 million/month
 - Operating transfers of approximately \$4.3 million/month
- \$1.46 billion in RM3 capital expenditures have been allocated as of April 2024
 - Approximately \$100 million in RM3 capital expenditures reimbursed through March 2024

Debt Issuance Considerations

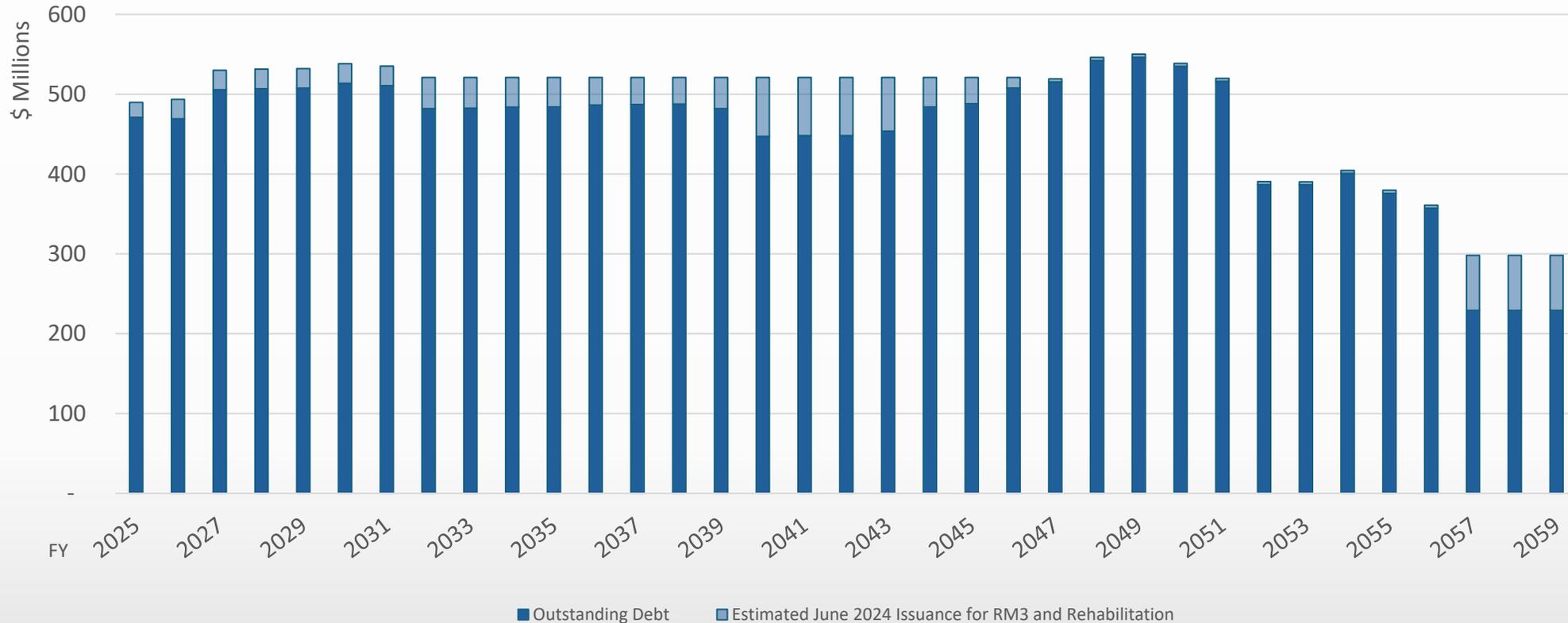
- Leverage and liquidity
 - Leverage: Debt divided by revenue, measurement of ability to support debt
 - Liquidity: Funds available to meet needs of the bridge system
 - Given fixed needs and revenue, there is a tension between protecting liquidity and maintaining appropriate leverage
- Portfolio maintenance
 - Managing portfolio of \$2.7 billion bonds in short-term modes
 - Refinancing existing bonds for debt service savings or other business purposes
 - Consideration of product that provides combination of favorable cost, risk mitigation, and flexibility

Debt Issuance Considerations (continued)

- Market conditions
 - Rates (absolute levels and relative to investment alternatives)
 - Product marketability
- Credit and indenture/tax constraints
 - Debt service coverage
 - Liquidity
 - Lien
 - Leverage
 - Use of proceeds

Annual Debt Service

Outstanding and Estimated June 2024 Debt (As of 4/1/2024)



Notes: Assumes unhedged variable rate debt at 2%. Does not include LOC and remarketing support costs. BABs interest payment is net of Federal subsidy payment less assumed sequestration. Assumes \$612 million in new money bonds in June 2024.



Asset Management

Asset management policy & objectives

BATA Toll Bridge Asset Management Principles



**Focusing on
People & Safety**

Customers, Partner Agencies & Staff



**Addressing
Life Cycle Cost**



**Adopting a Quantifiable
Approach**



**Promoting Sustainability &
Ongoing Enhancement**

BATA Toll Bridge Asset Management Objectives



**Support
Caltrans
Capital &
O&M Efforts**



**Maintain
Desired Asset
Condition**



**Improve
Funding
Effectiveness**

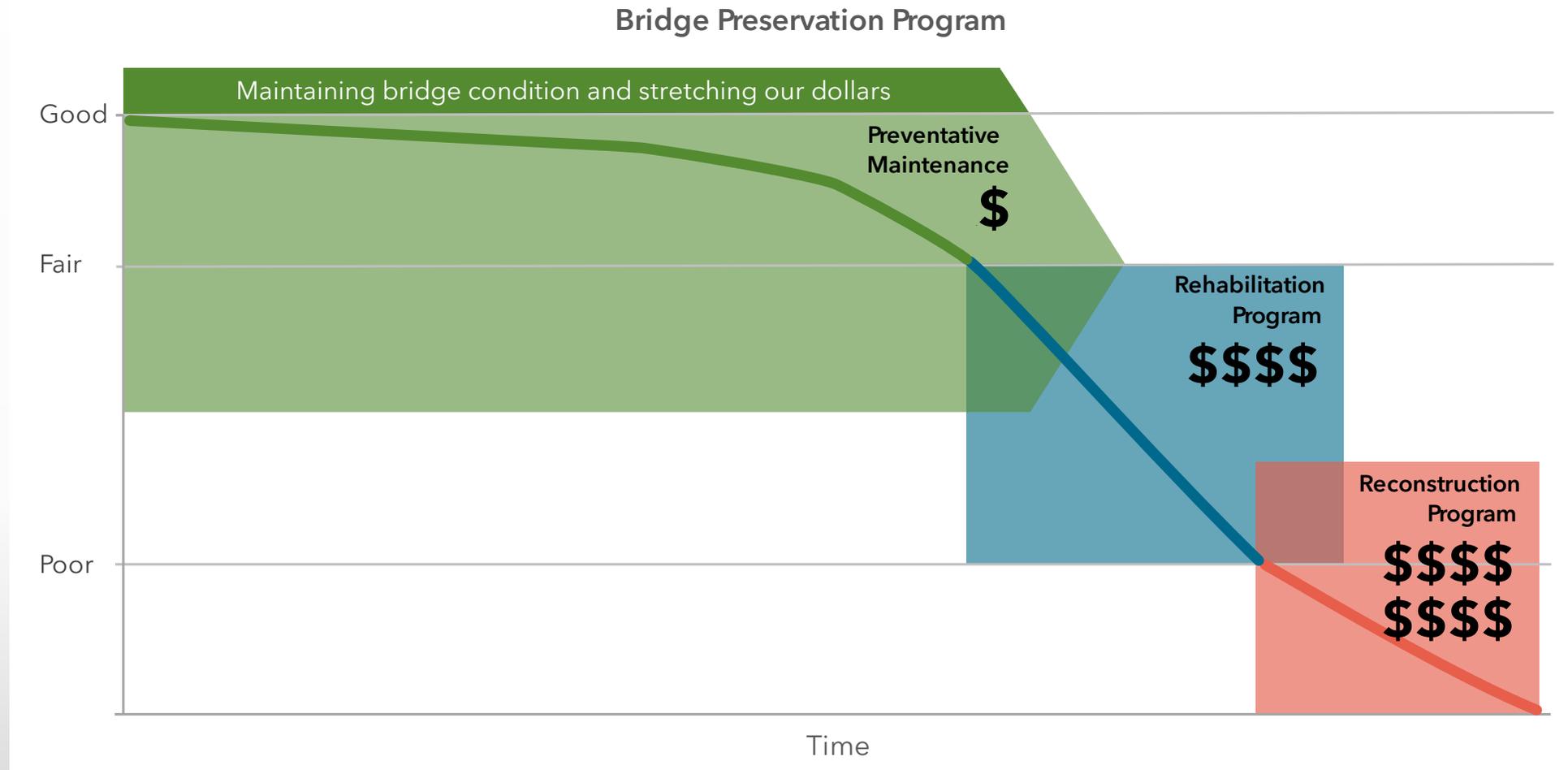


**Increase
Engagement**



**Strengthen
Asset
Management
Program**

Bridge Preservation Minimizes Life Cycle and Replacement Costs and Maximizes Value of our Spending

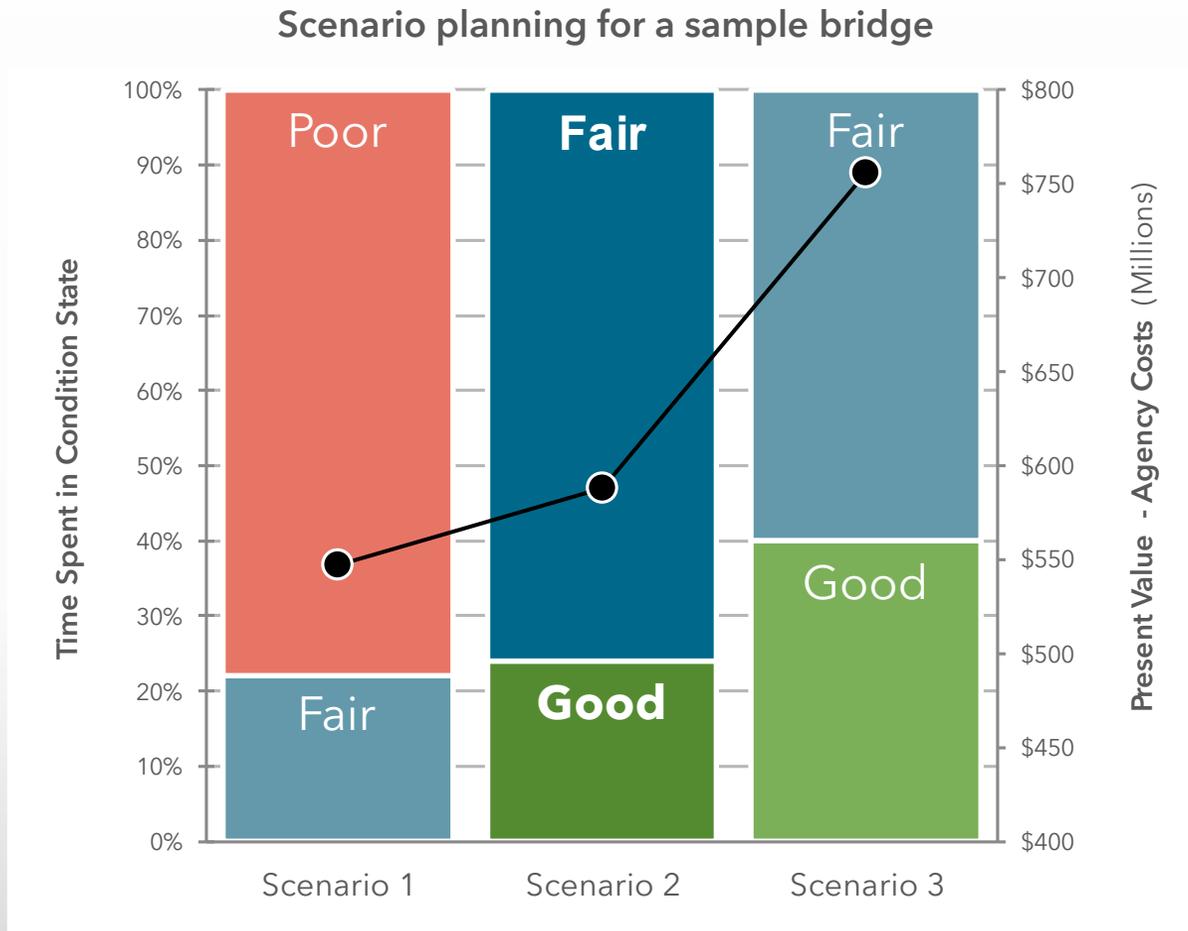


Adapted from Source: U.S. Department of Transportation Federal Highway Administration, "[Bridge Preservation Guide](#)."



Sample Life Cycle Analysis results for a bridge

Establishing Toll Bridge Scenarios to Target Cost-Effective Strategies



- **Scenario 1 Spot Repair:**
Fix bridge elements before they fall into very poor conditions
- **Scenario 2 Reduce Backlog:**
Fix bridge elements as needed to sustain fair condition
- **Scenario 3 Accelerate Rehab:**
Fix bridge elements as needed to increase time in good condition

Asset Management

- Efforts underway follow the BATA Recovery Action Plan (June 2021)
- In 2025, comprehensive analysis for the network of toll bridges will be presented
- This work will inform the 10-Year Capital Improvement Plan (CIP) and capital requirements beyond the 10-year CIP horizon
- Both the CIP and the capital needs associated with asset management are likely to require funding from bond proceeds and toll revenue in excess of current levels



Rehab Toll Increase Considerations

Level Setting

- The need for an additional toll increase for rehabilitation was identified pre-pandemic, and has been included in BATA's long-term financial planning with a January 2027 effective date
- BATA Recovery Ad Hoc Working Group recognized the need to track traffic, costs and asset management needs to inform timing and amount of a toll increase
 - Higher than expected inflation continues to put pressure on CIP estimates and forecasts
 - As discussed previously, the pandemic appears to have reset bridge traffic at significantly lower levels
 - Conversion to all-electronic tolling and lower collection levels exacerbates impact on revenue from decrease in traffic
 - Combined, these lead to annual revenue \$170 million less than would be seen at 2019 paid traffic levels – nearly enough to fund CIP program on pay-as-you-go basis
 - Decrease in paid traffic produces \$78 million less RM3 revenue (at January 2025), but only \$12.5 million decrease in RM3 expense

Considerations in Toll Schedule Adjustments

- Toll differentials
 - Incentivize FasTrak penetration
 - Recover incremental cost associated with non-transponder transactions
- Congestion pricing
 - Was in place on Bay Bridge until April 2020
- Pricing for multi-axle vehicles
 - Multiples effective as of 2010 have been greatly reduced with introduction of RM3
 - Multi-axle vehicles place disproportionately greater stress on bridge structures
- Indexing
 - RM3 specifically allows indexing by CPI
- Levels and timing

Questions?

