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Memorandum

December 26, 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 183

On January 22, 2025, the Bay Area Toll Authority ("BATA") is expected to consider Resolution 183 (the "Resolution"), which will authorize BATA's 2025 Plan of Finance, including the maintenance of the current short-term debt portfolio, the issuance of tax-exempt refunding bonds to take advantage of potential refunding and tender opportunities in the debt portfolio, and the issuance of tax-exempt new money fixed-rate and or floating rate bonds to fund bridge rehabilitation and Regional Measure 3 ("RM3") projects. The Resolution also authorizes the execution of a New Second Subordinate Indenture to modernize the existing Subordinate Indenture and provides for the issuance of Second Subordinate Bonds issued as variable rate demand bonds ("VRDBs") that are supported by a credit support facility issued by the Authority (i.e., a "Self-Liquidity Instrument"). Proceeds from the issuance of self-liquidity VRDBs may be used for new money, remarketing or refunding purposes. The authorized refundings and tender refundings of outstanding BATA bonds are to produce debt service savings consistent with BATA's debt policy. The Resolution authorizes the issuance of up to $500 million in new money bonds to fund bridge rehab and RM3 projects and to allow for existing subordinate lien bonds to be refinanced on the senior lien, if optimal. Further, the Resolution approves the issuance of Second Subordinate Bonds issued as self-liquidity VRDBs.

The Good Faith Estimates herein consist of $400 million of bonds to fund capital projects and $100 million of bonds to refund existing subordinate lien obligations on the senior lien. It also consists of $200 million of Second Subordinate Bonds issued as self-liquidity VRDBs for remarketing or refunding purposes. Finally, it also consists of a potential tender refunding of existing senior lien bonds.

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

2025 Fixed-Rate Refunding Bonds

BATA has two series of Term Rate bonds, 2017 Series B and 2017 Series H, which are due for purchase on April 1, 2025, in the total amount of $306.45 million. The bonds are callable on any date on or after October 1, 2024 at par plus accrued interest. These bonds are expected to be refunded with a series of senior lien fixed-rate bonds. The Good Faith Estimates assume estimated costs of issuance for the transaction of approximately $0.5 million, and a total underwriter's discount of $2.60 per bond. Proceeds from the sale will be deposited into a defeasance escrow structured to refund the outstanding bonds and to maximize positive arbitrage.

The tables below provide the estimates required by 5852.1 for the fixed-rate refunding bonds:

Good Faith Estimates
Senior Lien Fixed-Rate Refunding Bonds

True Interest Cost	3.79%
Fees and Charges	$1.1 million
Net Proceeds	$306.8 million
Total Payment Amount	$508.2 million

2025 Fixed-Rate New Money Bonds

BATA is authorized to issue up to $500 million of new money bonds to fund bridge rehabilitation and RM3 projects and allow for existing subordinate lien bonds to be refinanced on the senior lien. Additionally, any bonds tendered and refunded and moving from the subordinate to the senior lien would be part of the $500 million new money authorization. The good faith of estimate of potential tender candidates is addressed separately below. The assumed senior lien new money portion for capital projects below consists of $400 million of fixed-rate bonds maturing from 2032-2047. Underwriter's discount is estimated at $2.60 per bond and cost of issuance is estimated to be $0.7 million.

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

Good Faith Estimates
Senior Lien Fixed-Rate New Money Bonds

True Interest Cost	3.55%
Fees and Charges	$1.8 million
Net Proceeds	$465.7 million
Total Payment Amount	$704.6 million

2025 Tender Refunding Bonds

BATA is also considering a tender refunding of the senior lien 2019 Series F-1 and 2021 Series F-1 bonds, and the subordinate lien 2017 Series S-7 bonds. The Resolution authorizes the existing subordinate lien bonds to be refunded on the senior lien. As noted, any bonds moving from the subordinate to the senior lien would be part of the $500 million new money authorization for indenture purposes. A tender refunding of bonds currently on the senior lien (i.e., 2019 Series F-1 and 2021 Series F-1) is not.

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 $229 million of the 2019 Series F-1 bonds, $171 million of the 2021 Series F-1 bonds, and $383 million of the 2017 Series S-7 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 10% tender success of the eligible remaining 2019 Series F-1 and 2021 Series F-1 bonds, and a 30% tender success rate of the 2017 Series S-7 bonds. Bond maturities for the tender refunding bonds are assumed in the same year as the bonds tendered. The reason for the lower assumed tender success rate on the taxable bonds is that tenders have been previously accepted twice on those series. The estimates below include $100 million of existing subordinate lien bonds refinanced on the senior lien. 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 costs of issuance for the tender refunding transaction of approximately $0.25 million, a dealer-manager fee of $2.50 per bond tendered, and a total underwriter's discount of $2.60 per bond.

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

Good Faith Estimates

Senior Lien Tender Refunding Bonds

Refunded Bond	**2019 F-1**	**2021 F-1**	**2017 S-7**
True Interest Cost	3.76%	2.94%	2.82%
Fees and Charges	$0.1 million	$0.01 million	$0.8 million
Net Proceeds	$14.0 million	$1.6 million	$117.8 million
Total Payment Amount	$19.9 million	$2.0 million	$148.4 million

2025 Self-Liquidity VRDBs

Resolution 183 authorizes the execution of a new Second Subordinate Indenture allowing BATA to issue VRDBs backed by a standby bond purchase agreement executed by the Authority with no commercial bank liquidity. The self-liquidity VRDBs can be used for new money, remarketing or refunding purposes, with the initial issuance expected to be approximately $200 million for remarketing or refunding purposes. The assumed transaction consists of $200 million of self-liquidity VRDBs maturing from 2057-2059. PFM has assumed a base interest rate of 2.66% for new weekly VRDBs (110% of the six-month VRDB averages), and 6 basis points for remarketing costs. Underwriter's discount is estimated at $1.25 per bond and cost of issuance is estimated to be $1.0 million.

The table below provides the estimates requested by 5852.1 for the second subordinate VRDBs:

Good Faith Estimates

Second Subordinate VRDBs

True Interest Cost	2.74%*
Fees and Charges	$1.3 million
Net Proceeds	$198.7 million
Total Payment Amount	$379.9 million*

**Includes constant remarketing fees through the final maturity*

Should you have any questions, please contact Christine Choi or Peter Shellenberger at 415-982-5544.