



## Memorandum

February 15, 2023

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 145

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On February 22, 2023, the Bay Area Toll Authority (“BATA”) is expected to consider Resolution 145, which will authorize BATA’s 2023 Plan of Finance, including 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 March 2024. BATA has three series of bonds, 2006 Series C-1, 2007 Series C-1, and 2008 Series A-1, which are due for purchase on May 1, 2023, in the total amount of \$285,000,000. The Resolution will also authorize a tender refunding of outstanding BATA bonds to produce debt service savings consistent with BATA’s debt policy. In addition, \$100 million of new money bonds are to be authorized in order to allow up to this amount of subordinate bonds to be refinanced on the senior lien in the event the amount of subordinate bonds tendered is too small to justify the issuance of a standalone subordinate lien refunding series.

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.

### **2023 Series A & B Variable Rate Bonds**

The \$285,000,000 of floating rate bonds due for purchase on May 1, 2023, are to be refunded with two series of senior lien daily Variable Rate Bonds (VRBs) in the amounts of \$110,000,000 and \$175,000,000. PFM has assumed an interest rate of 3.38% for the first series and 3.33% for the second series, including Letter of Credit and remarketing fees. The maturities of the Variable Rate Bonds will be extended from 2047 to 2056 with amortization allocated proportionally to each series of VRBs.

In addition to the support costs noted above, the Good Faith Estimates assumes estimated Costs of Issuance for the transaction of approximately \$740,000 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.

### **Good Faith Estimates – \$285,000,000 Variable Rate Bonds 2023 Series A & B**

The tables below provide the estimates requested by 5852.1 for both the Series A and Series B Variable Rate Bonds:

#### **Series A**

True Interest Cost*	3.41%
Fees and Charges	\$.405 million
Net Proceeds	\$110.0 million
Total Payment Amount*	\$225.8 million

\*Includes LOC and remarketing fees.

#### **Series B**

True Interest Cost *	3.36%
Fees and Charges	\$.645 million
Net Proceeds	\$175.0 million
Total Payment Amount*	\$356.5 million

\*Includes LOC and remarketing fees.

### **2023 Tender Refunding**

BATA is also considering a tender refunding funded from the issuance of 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 \$1.8 billion of senior lien and subordinate lien 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 30% tender success, with certain bonds limited to approximately 19% 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 \$2.56 million, including a dealer-manager fee of \$2.50 per bond tendered, and a total underwriter's discount of \$2.64 per bond on the senior lien bonds and \$3.14 per bond on the subordinate lien bonds.

### **Good Faith Estimates – 2023 Tender Refunding**

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	3.84%
Fees and Charges	\$2.51 million
Net Proceeds	\$311.2 million
Total Payment Amount	\$526.4 million

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

#### **Subordinate Lien Tender Refunding Bonds**

True Interest Cost	2.22%
Fees and Charges	\$1.17 million
Net Proceeds	\$144.1 million
Total Payment Amount	\$167.4 million

Should you have any questions, please contact Robert Rich at 609-306-5888 or Sarah Hollenbeck at 415-269-7237.