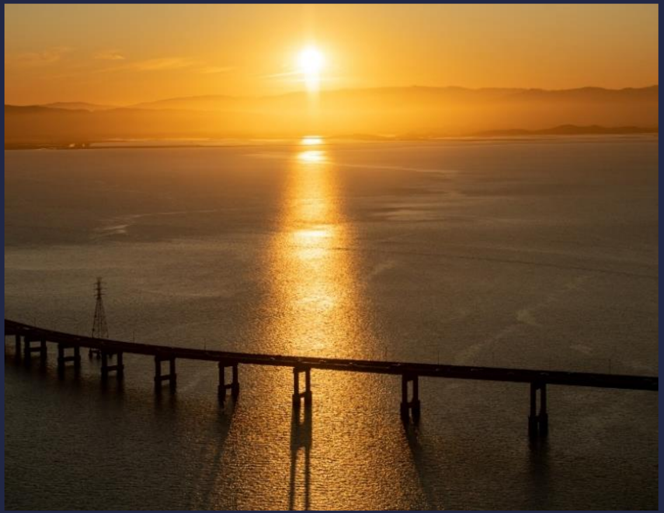


Authorization of the 2023 Plan of Finance – Resolution No. 145

BAY AREA TOLL AUTHORITY

February 8, 2023

Derek Hansel
Chief Financial Officer

The BATA Debt Portfolio

- An extremely strong credit, underpinned by excellent metrics, high income service area, limited competition, and prudent fiscal management
  - Highest rated toll entity in the country
  - AA level ratings from all three major rating agencies
- Diverse and flexible debt portfolio, including:
  - Fixed and variable rate
  - Taxable and tax-exempt
  - Senior and subordinate liens
- Debt portfolio requires ongoing maintenance to manage the portfolio and take advantage of market opportunities

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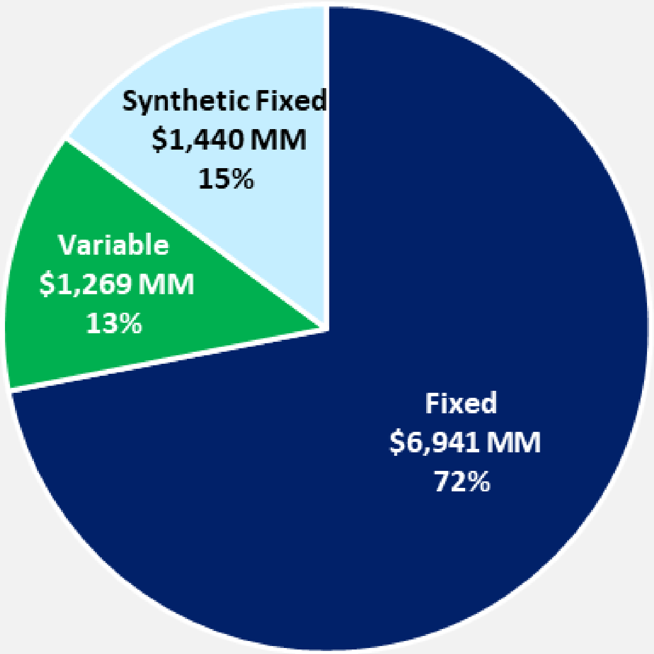
Composition of BATA Debt Portfolio

- A portion of the variable rate portfolio remains “unhedged”
  - Takes advantage of generally low variable rates
  - Serves as a “natural hedge” of variable rate investments
- Required maintenance of variable rate portfolio is staggered in timing to mitigate any impact of market access challenges

Fixed vs. Variable

Outstanding Debt by Par ($Millions)



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2023 Plan of Finance

1. Maintenance of existing variable rate portfolio
    - Remarketing of $285 million of Floating Rate Notes (FRNs)
    - FRNs must be remarketed by May 1, 2023
    - Letter of credit backed variable rate bonds provide the most economic approach and help diversify the portfolio

2. Refinance outstanding debt to achieve debt service savings
    - While traditional refundings are not economically feasible, current market dynamics provide opportunities for debt service savings and cashflow relief that provides flexibility for future financing requirements

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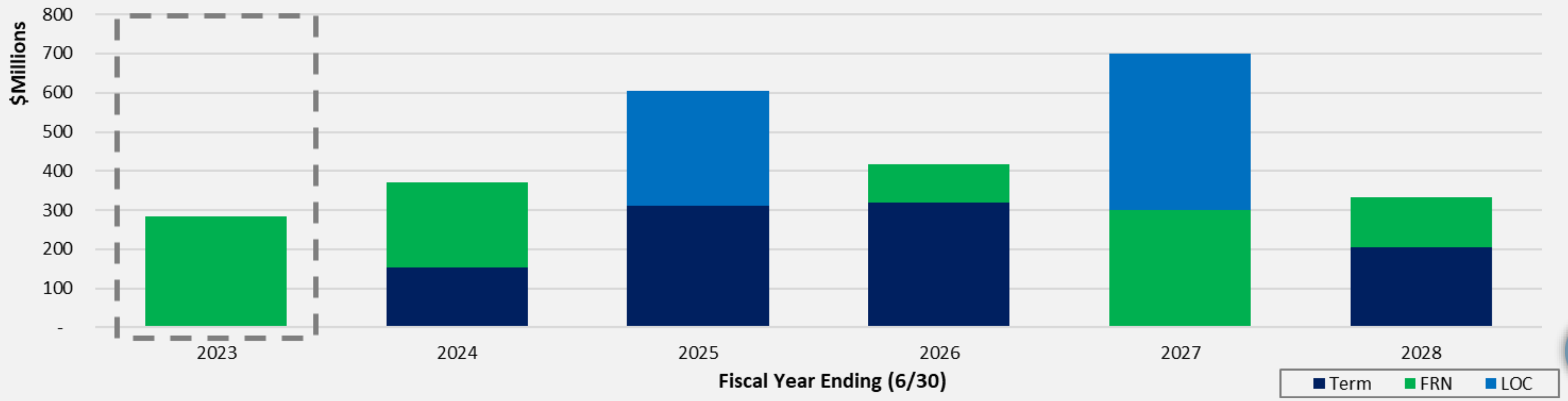
Variable Rate Portfolio Maintenance

- Variable rate demand bonds (VRDB) provide low cost of funds and greatest flexibility
  - Just over 25% of current variable rate portfolio is in VRDB mode – transaction will increase that to just over one-third
  - Staff and advisers conducted competitive solicitation and received multiple highly competitive bids
  - Currently negotiating letter of credit terms
  - Targets broader group of investors than FRNs



Fixed Rate Portfolio Maintenance

- Long BATA history of refinancing debt to achieve debt service savings
- Current market dynamics and tax rules provide opportunity
  - Tax rules permit refinancing of taxable advance refunding bonds with tax-exempt bonds
  - Higher interest rates have led to certain of BATA's outstanding bonds trading at less than face value
  - This allows BATA to "tender" for these bonds, and refinance those bonds tendered on a tax-exempt basis
  - The refinancing will:
    - Produce debt service savings
    - Better diversify the BATA debt portfolio
    - Increase the ability to achieve debt service savings in the future
  - Tender results may drive conversion of some portion of subordinate lien bonds to senior lien – would be treated as "new money" under the indenture, but new money authorization would not be used for purposes other than this refinancing

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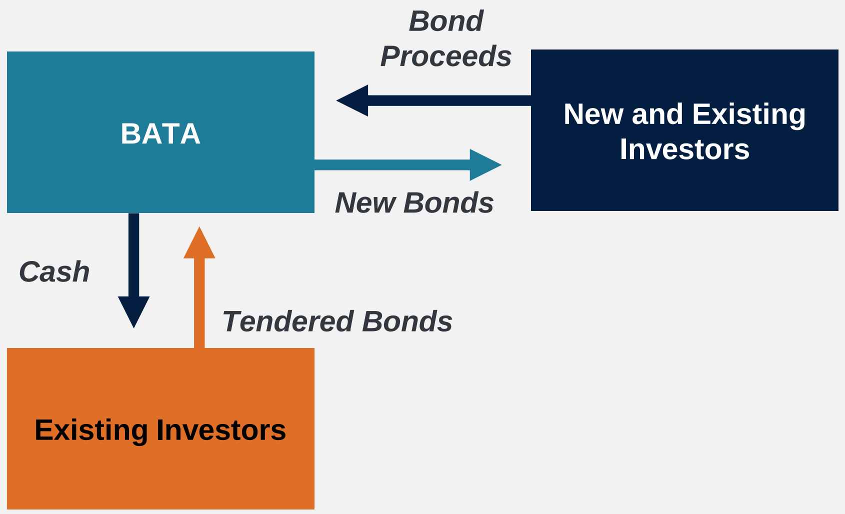
Overview of the Tender Process

- A tender invites investors to sell back outstanding bonds
- A public Letter to Bondholders and Invitation to Tender is released to the market
- Investors make their own decisions on whether or not to tender bonds – as such, ultimate participation is unknown at the launch of the tender
- BATA will have some discretion as to which tenders of bonds will be accepted

TENDER OFFER

Investors tender bonds for cash; purchase can be funded with bond proceeds or cash on hand



Requested Committee Action

Staff requests that the BATA Oversight Committee refer Resolution No. 145 to the Authority for approval of:

- Refunding of $285 million bonds with purchase date of May 1, 2023
- Execution of $285 million of letters of credit to support the refunding bonds
- Refunding of existing fixed rate bonds, provided at least 3% of net present value savings are generated or the refunding achieves other important business purposes (Pursuant to MTC's Debt Policy - Resolution 4265)
- The issuance of up to $100 million in new money bonds to allow for potential conversion of subordinate lien bonds to the senior lien along with the accompanying determination that the requirements of the additional bonds test for such new money bonds are met
- The form of financing documents and additional documents
    - Draft Official Statement
    - Appendix A to the Draft Official Statement
    - Dealer Manager Agreement
- The declaration of a reasonable expectation of reimbursing future Authority expenditures with the proceeds of tax-exempt bonds

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