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Walnut Creek, CA 94596-4609
October 11, 2016

VIA ELECTRONIC TRANSMISSION

Stephen Kinsey
Commissioner, Metropolitan Transportation Commission
c/o Marin County Board of Supervisors
3501 Civic Center Dr., #329
San Rafael, CA 94903-4193
skinsey@co.marin.ca.us

Re: "Infrastructure Bank" Concept; BATA/MTC Meeting 9/28/2016, Agenda Item No. 6 (File No. 15-1914, Version: 1)

Dear Mr. Kinsey:

I reviewed the Bay Area Toll Authority/MTC meeting of September 28, 2016, at which the above-referenced agenda item was considered. I am directing this letter to you because your thoughtful comments at the meeting suggest you may be receptive to suggestions and input. The purpose of this letter is to suggest next steps in the Commission's consideration of the "infrastructure bank" concept.

The infrastructure bank concept, as described, clearly is high-risk. What I took away from the presentation is that MTC management is interested in reducing its reserves because it wants to use them for other things. Doing so has significant, long-term consequences.

I am also concerned because the presentation to the Commission was effectively a sales pitch that was long on potential positives and woefully lacking in discussion of all the horrible things that could go wrong. Brian Mayhew's presentation sounded very much like a sales job; in fact, I thought he was an outside consultant until I verified he was a member of staff. The sales-oriented tone and tenor of the presentation, given its incompleteness in critical areas, was downright offensive.

In addition, the presentation by Mr. Al-Ali appears to be a conflict, as he in no way can be considered a neutral party and may stand to profit from the Commission's decision. Further, the technical issues under discussion are far beyond the expertise of the Commissioners. An industry professional such as Mr. Al-Ali knows this, yet he proceeded to make a highly-technical sales presentation anyway. This is troubling.

Given the importance and long-term existential implications of this proposal, and in the interest of public transparency, I suggest the following next steps:

1. Disclose MTC's engagement letter with Mr. Ali Al-Ali and Goldman Sachs to the Commission and public. Likewise disclose engagement letters with any other advisors to the Commission regarding this matter; and

2. Obtain an independent third-party review of the proposal to thoroughly and completely spell out all potential risks. **Given what's at stake, an independent third-party review is not optional – it is requisite to making a decision of this magnitude.** Understanding all of the potential risks is far more important than knowing about potential benefits. Only an independent third-party review can give the Commission what it needs to make an informed decision on this matter.

   Governmental Financial Strategies is a highly-respected and experienced independent third-party firm in Sacramento (http://www.gfsi.com/). Lori Raineri is a former investment banker and serves as the firm's President. Ms. Raineri and her firm have an impeccable reputation for ethical conduct; this is essential when discussing Wall Street and high-finance. You may wish to contact Ms. Raineri to learn more about how an independent third-party review could be of assistance.

Thank you for your consideration of these suggestions, as well as your ongoing public service on the Commission.

Best regards,

/s/

Wendy Lack
Contra Costa resident

Rosy Leyva

From:	aliciaminyen@comcast.net
Sent:	Thursday, October 20, 2016 12:13 AM
To:	Rosy Leyva; jpspering@solanocounty.com
Subject:	Concerns RE: iBank/Century Bonds (Earthquake Catastrophe Bonds)

Dear Mr. Spering and Members of BATA:

I'm writing to express concerns and raise questions about the financing transaction pitched by staff and Goldman Sachs regarding the creation of an iBank, Special Purpose Vehicle, and issuance of Century Bonds.

It appears that BATA members and the public were not provided with a complete explanation of the facts and risks associated with this complex financing transaction. I hope you will consider my concerns and questions, as listed below, when making a determination as to whether to proceed with this transaction given the magnitude of potential losses to taxpayers.

1. It's clear something is horribly wrong when staff states they "have to get creative" and staff wants to draw down BATA's "hard-deck reserves." As you know, reserves are typically set aside for emergencies and/or to meet debt covenants. How will drawing on your reserves comply with your "Reserve Policy?"

2. Risks were briefly mentioned and appeared incomplete. For example, Goldman Sachs stated that there was no guarantee that the program would be available after a 5 year lock-up period; however, the consequences of the program termination after commencement were not disclosed.

-Therefore, what amount of losses could be incurred if the program were to terminate? What circumstances would have to transpire for the program to terminate?

-If the program terminated and BATA issues non-callable bonds, how would BATA unwind the transaction? What if the bonds were not callable and BATA needed to refinance, what would happen if the investors refused to tender their bonds?

-What is the worst case scenario and why?

-Goldman Sachs provided a sample list of cat bond issuers where a pay out occurred. However, of this sample, how many of these issuers received a payout that was less than the full amount of the insurance policy?

-Goldman Sachs provided a sample list of cat bond issuers where a pay out occurred. However, what about the losers? How many issuers are there where no pay out occurred and what is the amount of principal and interest that such issuers paid?

3. What is BATA's risk tolerance? How much can BATA afford to lose if this financing transaction experiences the worst possible scenario?

4. What are the costs associated with the creation and operation of the iBank? If the iBank will be generating revenues, will such revenues be subject to federal income tax? Will the generation of iBank revenues jeopardize the tax exempt status of BATA/MTC? Will the operations of the iBank impact the credit rating of BATA/MTC?

5. What are the costs associated with this financing transaction? For example, Goldman Sachs mentioned premiums would be paid in 3 or 5 year increments (depending on the term of the insurance contract), but how much are the

premiums? What is the methodology in determining the amount of the premium? Are the premiums negotiable? Who receives the premiums? What are the estimated costs of issuance for the Century Bonds?

6. How is this proposed financing transaction consistent with your Debt Policy? (As you know, the State Treasurer and Governor recently signed legislation requiring you to establish and adopt a Debt Policy.)

7. What is the estimated debt service structure for the issuance of Century bonds? Will the payment of interest and/or principal be deferred? If so, why? How much can BATA afford to pay in interest and principal assuming that no trigger takes place? How will the debt service structure of the Century bonds fit into the current debt service matrix? What assumptions were used in the creation of the estimated debt service structure and how are such assumptions reasonable?

There are so many unanswered questions. I hope you will carefully consider my email as you ascertain the suitability of this complex financing transaction, which appears to bear material financial risks.

Also, please distribute my email to all BATA Members.

Thank you for your consideration.

Alicia Minyen
Concerned Resident of Solano County
Vacaville, CA