



BAY AREA TOLL AUTHORITY

Bay Area Metro Center

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Memorandum

TO: BATA Oversight Committee

DATE: February 6, 2019

FR: Executive Director

W. I. 1254

RE: Good Faith Estimate \$150 million BATA Refunding

Staff requests that the BATA Oversight Committee accept the attached good faith estimate prepared by Public Financial Management (PFM). The estimate covers the upcoming refinancing of the \$50 million BATA 2007 Series A-1 and the \$100 million 2007 Series E-3 bonds.

Background

Pursuant to the 2019 Plan of Finance adopted by the Authority in October 2018 (BATA Resolution No. 127) BATA is preparing to refinance \$150 million from the 2007 Series A-1 and E3 bond issues maturing in 2019. The parameters for the refunding are laid out in BATA Resolution No. 127. In preparing for the refunding and in compliance with Senate Bill 450, PFM has prepared a good faith estimate of costs related to the refunding. Below is a comparison of the BATA Resolution No. 127 parameters and current market estimate prepared by PFM.

	<u>BATA Resolution No. 127</u>	<u>PFM</u>
True Interest Cost	5.25%	4.25%
Term	40	30
Fees and Charges		
Underwriters Discount	\$1.5 million	\$1.0 million
Legal / Other	<u>1.5 million</u>	<u>1.3 million</u>
Total	\$3.0 million	\$2.3 million

Net Proceeds	\$150 million	\$150 million
Reserve Change	0	0
Capitalized Interest	0	0
Total Payments		
Principal	\$150 million	\$150 million
Interest and Fees	<u>\$192 million</u>	<u>\$145 million</u>
	\$342 million	\$295 million

BATA Resolution No. 127 establishes a 1% cap for underwriting costs and a 1% for all other costs including legal, financial advisory services, rating agency fees, printing, trustee and auditor review. Because this is a refunding BATA will pay costs in cash rather than from bond proceeds and as such there is no increase in the overall principal level or changes to debt service reserve accounts.

Recommendation

Staff requests that the committee receive the Good Faith Estimate of costs prepared by PFM in preparation of the upcoming \$150 million refunding transactions.



Steve Heminger

SH:bm
Attachment

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January 25, 2019

Memorandum

To: Brian Mayhew, Chief Financial Officer
Susan Woo, Deputy Treasurer
Bay Area Toll Authority

From: PFM Financial Advisors LLC

Re: Good Faith Estimate of 2019 Series S-8 Bonds

On October 24, 2018, the Bay Area Toll Authority ("BATA") adopted Resolution 127, which authorized BATA's 2019 Plan of Finance, including the issuance of refunding bonds from time to time. BATA now intends to issue refunding bonds to refinance its \$50,000,000 2007 Series A-1 and its \$100,000,000 2007 Series E-3 SIFMA Index Rate Senior Lien Toll Bridge Revenue Bonds, which are callable on April 1, 2019. The refunding bonds will be designated as the 2019 Series S-8 Subordinate Toll Bridge Revenue Bonds (the "2019 Series S-8 Bonds").

In connection with this issuance, PFM Financial Advisors LLC ("PFMFA"), as financial advisor to BATA, has been asked to provide certain good faith estimates related to the 2019 Series S-8 Bonds 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

PFMFA's good faith estimates are based on an assumption that the 2019 Series S-8 Bonds will be issued as subordinate fixed rate bonds with maturities in 2039 and 2049. Interest rates are estimated based on the market as of January 24, 2019, plus 25 basis points to account for potential interest rate movement between now and the time of pricing, targeted for the week of February 18. The underwriter's discount is estimated at \$5.00 per bond and a management fee of \$250,000 has been assumed. Other fees and charges have been calculated based on the parameters in Resolution 127, which establishes a maximum of 1% of the par amount of the bonds. All third party expenses are expected to be paid from cash. The DSRF is expected to be paid from excess Senior Lien DSRF monies.



The table below provides the information requested by 5852.1:

True Interest Cost Estimate	4.25%
Fees and Charges Estimate	\$2.3 million
Net Proceeds Estimate	\$150.0 million
Total Debt Service Estimate	\$294.9 million

Should you have any questions, please contact Robert Rich at 609-452-0263 or Sarah Hollenbeck at 415-982-5544.