

Bay Area Toll Authority Oversight Committee

September 4, 2019

Agenda Item 4f

Good Faith Estimate \$1.1 billion BATA Refunding

Subject: Staff requests that the BATA Oversight Committee accept the attached good faith estimate prepared by Public Financial Management (PFM). The estimate covers the upcoming approximately \$1.1 billion BATA 2019 refunding bonds.

Background: Pursuant to the 2019 BATA Plan of Finance adopted by the Authority in October of 2018, the current market is presenting an opportunity to refinance approximately \$1.1 billion in outstanding BATA Toll Revenue Bonds. 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.

BATA Resolution No. 127 establishes a 1% cap for underwriting costs on tax exempt bonds, a 2% cap on taxable bonds and a 1% cap on all other costs including legal, financial advisory services, rating agency fees, printing, trustee and auditor review. Resolution 127 also establishes a minimum present value savings of 3% of refunded principal, the current estimate is in excess of 10%. However, market conditions can change so there is no guarantee the savings will remain at this level. 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 the debt service reserve accounts.

Issues: None

Recommendation: Staff requests that the Committee approve the receipt of the Good Faith Estimate of costs prepared by PFM in preparation of the upcoming \$1.1 billion refunding transactions.

Attachments: Good Faith Estimate from PFM



Therese W. McMillan



August 22, 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 F-1 Bonds

As financial advisor to the Bay Area Toll Authority ("BATA"), PFM Financial Advisors LLC ("PFMFA") has been asked to provide a good faith estimate for the upcoming 2019 Series F-1 Senior Toll Bridge Revenue Bonds (the "Bonds") pursuant to California Government Code Section 5852.1. The Code 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 estimated \$1.1 billion of 2019 Series F-1 Bonds are being sold on a taxable basis and together with cash will refinance approximately \$1.03 billion of BATA's Series 2012 F-1 and 2014 F-1 Senior Toll Bridge Revenue Bonds and 2014 S-6 Subordinate Toll Bridge Revenue Bonds, which cannot be advance refunded with tax-exempt bonds. The 2012 F-1 Bonds are callable on April 1, 2022 and the 2014 F-1 and 2014 S-6 Bonds are callable on April 1, 2024. Combined present value savings is estimated to be in excess of 10% of refunded par, including all fees and charges.

The sale of the 2019 Series F-1 Bonds is tentatively scheduled for Wednesday, September 18, 2019 and closing for Wednesday, September 25, 2019. The actual interest rates on the refunding are subject to change until the Bonds are sold, and as such, may be higher or lower than the rates used as the basis for this good faith estimate.

PFMFA has assumed that the amortization structure for the refunding bonds remains the same as the refunded bonds, with a final maturity of 4/1/2054. PFMFA's good faith estimate is based on U.S. Treasury rates as of August 20, 2019 plus a spread of between 15 and 125 basis points provided by our Pricing Group using a taxable par scale. The underwriter's discount has been estimated at \$4.00 per bond through 2031 and \$5.00 per bond for the 2054 maturity. Cost of issuance is calculated at 0.5% of par.



The table below provides the information requested by Section 5852.1:

True Interest Cost Estimate	2.71%
Fees and Charges Estimate	\$ 10.6 million
Net Proceeds Estimate	\$ 1.13 billion
Total Debt Service Estimate	\$ 1.58 billion

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