

# Bay Area Toll Authority Oversight Committee

November 13, 2019

Agenda Item 5b

## **BATA Resolution No. 132; Good Faith Estimate of 2019 Series F-2 Direct Placement Bonds**

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**Subject:** This item requests that the Committee authorize the referral of BATA Resolution No. 132 to the Authority for approval, approving the Toll Authority financing plan through December 31, 2021; and request that the Committee approve the receipt of the Good Faith Estimate of Costs.

**Background:** Staff recommends the BATA Oversight Committee authorize the referral of BATA Resolution No. 132 to the Authority for approval. BATA Resolution No. 132 governs the administration of the BATA debt portfolio for the next two years.

BATA Resolution No. 132 replaces BATA Resolution No. 127 which will expire December 31, 2019. Staff is recommending two changes in BATA Resolution No. 132, first to allow the crossover of subordinate lien debt to Senior lien debt for refunding purposes and the authorization to utilize direct purchase agreements for refunding bonds.

BATA Resolution No. 127, adopted in October 2017, provided authority to issue refunding bonds and to administer the existing BATA \$9.3 billion debt portfolio. The authority in BATA Resolution No. 127 was good for one year and did not include authorization for any new money bonds.

During the year staff completed a total of four refunding transactions with a par value of just under \$1.6 billion. The transactions include the following:

- February 2019 - \$126 million term bond refunding
- August 2019 - \$203 million subordinate lien term bond refunding
- August 2019 - \$292 million senior lien variable rate bonds
- September 2019 - \$973 million taxable senior and subordinate lien refunding bonds

The marquee event under BATA Resolution No.127 was the \$973 million taxable refunding of the series 2012 and 2014 tax exempt bonds. We believe the September 2019 refunding transaction is the largest tax exempt-to-taxable refunding for savings purposes ever undertaken in the municipal market.

Advance refunding of tax exempt bonds, on a tax exempt basis, is no longer allowed under current tax law. However, taxable rates dropped significantly making an advance refunding on a taxable basis financially possible. The final result was just over \$481 million cash flow savings and \$213 million net present value savings. The 2019 refunding significantly surpassed the previous savings record of \$143 million from the August 2017 refunding.

Details of the transaction follow below:

	Original (millions)	Refunding
Principal	\$1,052	\$973
Total Debt Service	\$2,095	\$1,386
Average Coupon	4.98%	3.15%
Cash Flow Savings		\$481
NPV of Savings		\$213

In addition to pure savings, net after all costs and escrow contributions, our financing team was able to reduce principal by \$79 million, reduce the average maturity of the portfolio and reduce maximum annual debt service by \$21 million, creating future capacity for the RM3 financing program.

With completion of the four 2019 refunding issues the weighted average interest cost is now approximately 3.82%, the lowest since inception of the BATA financing program in 2001.

BATA Resolution No. 132

BATA Resolution No. 132 will provide authority to administer the existing BATA portfolio, including issue refunding bonds for the next two years, to December 2021. Given the current status of RM3 funds, there is no request for additional financing capacity at this time. Staff will return with an RM3 financing plan when the current legal issues are resolved.

BATA Resolution No. 132 is basically the same as BATA Resolution No. 127 with some technical changes:

Term: Two years to December 31, 2021. The added year allows more flexibility around the year end

Direct Purchase: Authorized under Resolution No. 127 for new money bonds, we are now requesting authority for refinancing bonds.

Delay Delivery: Allows bonds to be delivered after December 31, 2021 so long as the delivery purchase contract is executed prior to December 31, 2021

Subordinate Bond Conversion:

Allows subordinate lien bonds in a refunding, to be converted and sold as senior lien bonds provided the ratio of net revenue to total senior lien debt service, does not exceed 1.5:1. The ratio to be confirmed in a certification provided by the independent financial advisor

These changes are intended to help respond to changes in the refunding market, particularly timing issues related to delivery of the bonds.

The balance of BATA Resolution No. 132 was not changed from BATA Resolution No. 127 and includes the basic parameters for issuing refunding bonds and administering the portfolio. Those Parameters include:

Term:	40 years - 50 years taxable
Costs: Underwriting Fees	1% tax exempt 2% taxable
Issuance costs:	1%
Maximum Rates:	5.00% senior lien refunding bonds 5.25% subordinate lien refunding bonds 6.25% taxable refunding bonds 12.00% variable rate cap

Minimum Refunding Savings: 3% present value on refunded par

The balance of the parameters have been relatively consistent over the years.

There are several transactions to work on by the end of December 2021. These transactions include:

October 2019 – Retire \$25 million “step coupon” bond – completed  
December 2019 - \$68 million direct placement refunding 2012 F1 bonds  
August 2020 - \$372 million refunding term and floating rate bonds

Payment for the \$25 million step coupon was posted to the trustee in October and will retire the principal amount before the bond can increase (step) to a higher coupon rate. The \$68 million direct purchase bond is an opportunity to refinance 3.0% coupon bonds as long as rates stay low enough to exceed the 3.0% minimum present value savings requirement. A Good Faith estimate from the BATA financial advisory firm, PFM, relating to the \$68 million refinancing is attached to this memorandum.

There are several attachments to BATA Resolution No. 132 in addition to the Good Faith Estimate prepared by Public Financial Management covering the potential \$68 million direct placement refunding planned for December 2019. Attachments to Resolution 132 include:

Proposed form of Official Statement used to market and sell refunding bonds

Proposed form of Appendix A to the Official Statement updating financial data related to BATA

Additional Bonds Test calculation establishing the maximum senior lien financing capacity available

Since there are no new money bonds authorized in BATA Resolution No. 132, any senior lien capacity utilized will be the result of converting subordinate lien bonds to senior lien bonds as part of a refunding.

**Issues:** Regional Measure 3 is the subject of ongoing litigation. The committee will likely not see a financing plan for RM3 until the litigation is resolved.

**Recommendation:** Refer BATA Resolution No. 132 to the Authority for approval; and approve the receipt of the Good Faith Estimate of Costs prepared by PFM regarding upcoming 2019 Series F-2 Direct Placement Bonds.

**Attachments:**

- BATA Resolution No. 132;
- PFM memo regarding Good Faith Estimate of 2019 Series F-2 Direct Placement Bonds;
- Form of Official Statement
- Presentation

  
Therese W. McMillan

Date: November 20, 2019  
W.I.: 1254  
Referred by: BATA Oversight

ABSTRACT

BATA Resolution No. 132

This resolution authorizes the issuance of refunding bonds, including additional senior lien bonds for purposes of refunding subordinate lien bonds, the development, update and publication from time-to-time of an official statement relating to the Authority and its bonds, the taking of various actions in connection with the Authority's outstanding bonds, swaps and reimbursement agreements, the execution and delivery of related bond, swap, credit, liquidity and disclosure documents, and all necessary actions in connection therewith.

Discussion of this action is contained in the Executive Director's accompanying Memorandum, dated November 13, 2019.

Date: November 20, 2019  
W.I.: 1254  
Referred by: BATA Oversight

BAY AREA TOLL AUTHORITY

Resolution No. 132

WHEREAS, the Bay Area Toll Authority (the “Authority”) has outstanding \$5,470,505,000 principal amount of toll bridge revenue bonds (together with any bonds subsequently issued pursuant to the Master Indenture as authorized under this Resolution, the “Senior Bonds”) issued pursuant to its Master Indenture, dated as of May 1, 2001, as amended and supplemented (the “Master Indenture”), and has outstanding \$3,800,680,000 principal amount of subordinate toll bridge revenue bonds (together with any bonds subsequently issued pursuant to the Subordinate Indenture as authorized under this Resolution, the “Subordinate Bonds”) issued pursuant to its Subordinate Indenture, dated as of June 1, 2010, as amended and supplemented (the “Subordinate Indenture”); and

WHEREAS, it will be in the best interests of the Authority to issue (i) refunding Senior Bonds (the “Senior Refunding Bonds”) from time to time to refund outstanding Senior Bonds and related obligations, (ii) refunding Subordinate Bonds (the “Subordinate Refunding Bonds”) from time to time to refund outstanding Senior Bonds, outstanding Subordinate Bonds, and related obligations, or (iii) additional Senior Bonds or Parity Obligations under the Master Indenture (for purposes of this Resolution, the “Additional Senior Bonds” and, together with the Senior Refunding Bonds and the Subordinate Refunding Bonds, the “Refunding Bonds”), in an aggregate principal amount not to exceed \$3,421,000,000, from time to time to refund the outstanding Subordinate Bonds, in each case pursuant to Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highways Code, and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53570 *et seq.*), as applicable; and

WHEREAS, the Authority desires now to authorize the issuance, sale, execution and delivery of Refunding Bonds in one or more series from time to time through December 31, 2021 or otherwise on a forward delivery or delayed delivery basis; and

WHEREAS, the Authority has entered into a Reimbursement Agreement, dated October 16, 2014, as amended by the First Amendment to the Reimbursement Agreement, dated June 15, 2017 and as further amended by the Second Amendment to the Reimbursement Agreement, dated August 1, 2019 (collectively, the “Reimbursement Agreement”) under which certain banks provide

credit and/or liquidity support for a portion of the Authority's variable rate demand Senior Bonds, and it may be in the best interests of the Authority to amend, restructure, replace or terminate the Reimbursement Agreement; and

WHEREAS, it may be in the best interests of the Authority to convert outstanding Senior Bonds that are variable rate demand bonds to another interest rate mode or modes; and

WHEREAS, the Authority has outstanding interest rate swaps in the aggregate notional amount of \$1,440,000,000 (the "Outstanding Notional Amount"), and it may be in the best interests of the Authority to amend, novate, restructure, replace or terminate any or all of the related interest rate swap agreements; and

WHEREAS, it may be in the best interests of the Authority to enter into additional reimbursement agreements, credit or liquidity support agreements or interest, and asset or other swap agreements; and

WHEREAS, to facilitate the offering and sale of Refunding Bonds and the remarketing of Senior Bonds that are variable rate bonds, there has been prepared and presented to the Authority a proposed form of official statement or reoffering circular together with a proposed form of Appendix A to the official statement or reoffering circular relating to the Authority (collectively, the "Official Statement"), and the Authority expects to update the Official Statement from time-to-time in connection with the issuance of Refunding Bonds, or the remarketing of Senior Bonds that are variable rate bonds being converted to a new interest rate mode or modes, or due to a change in credit or liquidity facility; and

WHEREAS, in compliance with California Government Code Section 5852.1, the Authority has obtained from its financial advisor good faith estimates with respect to the Refunding Bonds which are set forth in the staff report prepared in connection with this Resolution and available to the public at this meeting; now therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and that capitalized terms defined in the Master Indenture or the Subordinate Indenture that are used but not otherwise defined in this Resolution shall have the meanings assigned to such terms therein, as applicable; and be it further

RESOLVED, that the Authority hereby authorizes the issuance, sale, execution and delivery, from time-to-time, of Refunding Bonds to refund any outstanding Senior Bonds or outstanding Subordinate Bonds in one or more series and in one or more public offerings or private placements in accordance with the terms of the Master Indenture, the Subordinate Indenture, Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highways Code, and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53570 *et seq.*), as applicable, bearing either taxable or tax-exempt variable interest rates, fixed interest rates, or fixed interest rates that include coupon payments that change according to a schedule over the life of such bonds, or any combination thereof, to pay:

- (1) the principal or redemption price of outstanding Senior Bonds, outstanding Subordinate Bonds or Parity Obligations to be refunded;
- (2) all expenses incident to the calling, retiring or paying of such Senior Bonds, Subordinate Bonds or Parity Obligations and the Costs of Issuance of such Refunding Bonds or Parity Obligations (including, without limitation, surety, insurance, liquidity and credit enhancements costs, such as reserve fund deposits), provided that the underwriters' discount (excluding any original issue discount) shall not exceed 1.00% of the aggregate principal amount of tax-exempt Refunding Bonds issued and 2.00% of the aggregate principal amount of taxable Refunding Bonds issued, and other Costs of Issuance (excluding surety, insurance, liquidity and credit enhancements costs, such as reserve fund deposits, and any costs relating to swaps) shall not exceed 1.00% of the aggregate principal amount of Refunding Bonds issued; and
- (3) interest on all outstanding Senior Bonds, Subordinate Bonds or Parity Obligations to be refunded to the date such Senior Bonds, Subordinate Bonds or Parity Obligations will be called for redemption or paid at maturity; and
- (4) interest on the Refunding Bonds or Parity Obligations from the date thereof to the date of payment or redemption of the Senior Bonds, Subordinate Bonds or Parity Obligations to be refunded;

provided that:

- (A) the net present value economic benefit threshold of 3% in MTC Resolution No. 4265 (as it may be amended, supplemented or replaced from time to time, the "Debt Policy") shall apply to such refundings unless the Chief Financial Officer and the Executive Director (or, should the Executive Director not be available, a Deputy Executive Director) determine (with the advice of the Authority's financial advisor) that it is in the best interests of the Authority to proceed with one or more refundings with a lower threshold to achieve other Authority objectives, including, without



limitation, improving the Authority's debt service profile in light of the Authority's overall portfolio of debt and invested assets, reducing exposure to liquidity costs or other variable rate risks, or making changes in covenants, redemption or conversion provisions applicable to such bonds or related credit or liquidity support agreements or swaps, such as the refunding of the outstanding Senior Bonds or Subordinate Bonds becoming subject to mandatory or optional redemption or tender in connection with the expiration of any interest rate period; and

- (B) the maximum principal amount of Refunding Bonds authorized in this Resolution shall not exceed the amount necessary to redeem the outstanding Senior Bonds or the outstanding Subordinate Bonds being refunded plus interest to the redemption date and the amount of any redemption premium and the Costs of Issuance associated with such refinancing, provided that that maximum principal amount of Additional Senior Bonds (as defined in this Resolution) authorized to be issued pursuant to this Resolution is \$3,421,000,000; and
- (C) the Refunding Bonds authorized hereby shall not be issued after December 31, 2021 without further authorization by the Authority; provided that, Refunding Bonds issued on a forward delivery or delayed delivery basis are permitted to be issued and delivered after December 31, 2021 so long as the forward delivery or delayed delivery purchase contract or other sale agreement is executed prior to December 31, 2021; and be it further

RESOLVED, that subject to the foregoing, the series designations, dates, maturity date or dates (not to exceed 40 years from their date of issuance in the case of tax-exempt Refunding Bonds and 50 years from their date of issuance in the case of taxable Refunding Bonds), interest rate or rates, terms of redemption, and other terms of each series of Refunding Bonds shall be as provided in one or more supplemental indentures to the Master Indenture or the Subordinate Indenture providing for the issuance of such series of Refunding Bonds as finally executed by the Executive Director or the Chief Financial Officer, provided that the true interest cost for fixed interest rate Refunding Bonds may not exceed 5.00% per annum for additional tax-exempt Senior Bonds, 5.25% per annum for additional tax-exempt Subordinate Bonds, and 6.25% per annum for additional taxable bonds, and the interest rate for variable interest rate Refunding Bonds may not exceed 12% per annum except with respect to any variable interest rate Refunding Bonds that are held pursuant to a letter of credit, line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which credit or liquidity support is provided for Refunding Bonds, pursuant to which the interest rate or rates shall not exceed 15% per annum; and be it further

RESOLVED, that the method of determining the interest rate or rates on variable interest rate Refunding Bonds, the terms of tender and purchase of Refunding Bonds, and the other terms of variable interest rate Refunding Bonds shall be as specified in a supplemental indenture to the Authority's Master Indenture or Subordinate Indenture, in substantially the form of a supplemental indenture executed by the Authority in the past pursuant to the Master Indenture or the Subordinate Indenture, in each case with such additions thereto and changes therein (including, without limitation, additions or changes necessary or desirable to accommodate private placements of such Refunding Bonds on parity with the Senior Bonds or the Subordinate Bonds or to establish terms and conditions relating to the issuance of fixed interest rate Refunding Bonds having coupon payments that change over the life of the bonds according to a schedule, or additional put or index bond or other structures, with or without liquidity or credit support) as the Executive Director or Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may approve (such approval to be conclusively evidenced by the execution and delivery of the supplemental indenture); and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director or the Chief Financial Officer to purchase, from time-to-time, for and on behalf of the Authority, any of the variable interest rate Refunding Bonds at a price equal to the principal amount of such Refunding Bonds (plus accrued interest) on a date or dates selected by the Authority if such officer determines that it is in the best interests of the Authority to so purchase such Refunding Bonds; and be it further

RESOLVED, that the Authority hereby determines pursuant to Section 3.01(B)(1) of the Master Indenture, based on the calculations in Exhibit A to this Resolution, that the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Bonds (and Parity Obligations), including such Additional Senior Bonds, in the aggregate principal amount of \$3,421,000,000 will not be less than 1.50:1, and be it further

RESOLVED, that through the period ending December 31, 2021, or for such longer period as may be required in connection with the issuance of Additional Senior Bonds issued on a forward delivery or delayed delivery basis after December 31, 2021, so long as the forward delivery or delayed delivery purchase contract or other sale agreement relating to such Additional Senior Bonds is executed prior to December 31, 2021, the Authority hereby authorizes and delegates authority to the Executive Director or the Chief Financial Officer, with the advice of the

Authority's financial advisor, to update this calculation as of the actual date of sale of each series of the Additional Senior Bonds to reflect the actual amount of Additional Senior Bonds being sold and to proceed with the issuance pursuant to the Master Indenture only if the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available or projected Net Revenue for each of the next three Fiscal Years to (B) Maximum Annual Debt Service on the Additional Senior Bonds and the actual amount of Additional Senior Bonds being sold is not less than 1.50:1 as of said date of sale; and be it further

RESOLVED, that the Authority hereby authorizes the execution of one or more additional reimbursement agreements, credit or liquidity support agreements or interest, asset or other swap agreements (collectively, the "Credit Support Agreements"), in substantially the form of the Authority's existing Reimbursement Agreement, with such additions thereto or changes therein as the Executive Director or the Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve (the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each Credit Support Agreement); and be it further

RESOLVED, that the Authority hereby authorizes each of the Executive Director and the Chief Financial Officer to amend, restructure, replace, or terminate the Authority's Reimbursement Agreement, including, but not limited to, replacing one or more of the banks that issue letters of credit pursuant thereto or converting one or more series of bonds to interest rates that do not require credit or liquidity support; and be it further

RESOLVED, that the Authority hereby authorizes each Authorized Representative (as defined in the Master Indenture) to remarket or convert any variable rate Senior Bonds to a new interest rate period or another interest rate mode or mode, including new interest rate modes not currently found in the Master Indenture and to pay related costs, including with respect to credit or liquidity support or swaps, remarketing costs, or other costs, fees or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer, with the advice of the Authority's financial advisor and bond counsel, in carrying out the purposes of this Resolution; and be it further

RESOLVED, that, because the Authority's cost of funds to pay interest on Senior Bonds and Subordinate Bonds will be affected by changes in interest rates, each of the Executive Director and the Chief Financial Officer is hereby authorized, for and on behalf of the Authority, to select counterparties for and prepare, enter into, and perform contracts and arrangements permitted by

California Government Code Sections 5920 through 5923 in connection with or incidental to the issuance or carrying of the Senior Bonds and Subordinate Bonds, and the Authority hereby finds and determines that such contracts and arrangements are designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or remarketing of the Senior Bonds or Subordinate Bonds or to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is to be entered into, and each of the Executive Director and the Chief Financial Officer is hereby authorized:

- (1) to amend, restructure or terminate, including to replace or enter into one or more novations with respect to, existing swap agreements related to Senior Bonds and Refunding Bonds;
- (2) to hedge the Authority's exposure to interest rate risk on all or any portion of the Refunding Bonds issued bearing fixed interest rates or the outstanding fixed interest rate Senior Bonds or Subordinate Bonds by means of new interest rate swap agreements that obligate the Authority to make variable payments to swap counterparties, provided that the resulting variable payment obligations of the Authority shall not exceed a contractual ceiling (which may be based on an index) approved by such officer;
- (3) to hedge the Authority's exposure to interest rate risk on all or any portion of any Senior Bonds, Subordinate Bonds or Refunding Bonds issued bearing variable interest rates by means of new interest rate swap agreements that obligate the Authority to make fixed payments to swap counterparties, provided that the resulting fixed payment obligations of the Authority shall not exceed 4.00% per annum if the related Senior Bonds, including Refunding Bonds, bear tax-exempt interest rates, 4.25% per annum if the related Refunding Bonds are Subordinate Bonds and bear tax-exempt interest rates, and 5.50% per annum if the related Senior Bonds, Subordinate Bonds or Refunding Bonds bear taxable interest rates;
- (4) provided, that all such contracts and arrangements referred to in (1) through (3) above shall be entered into in accordance with the Authority's Debt Policy after giving due consideration to the creditworthiness of the counterparties, and in accordance with previously-utilized forms of swap documentation as guidelines for documentation, with such changes in swap documentation as shall be approved by such officer (and the amendments described in the parenthetical phrase in (1) and (2) above is hereby determined to be in accordance with the Authority's Debt Policy);
- (5) provided further, that each such contract or arrangement with respect to a Senior Bond heretofore or hereafter issued shall be a Qualified Swap Agreement if the

Authority has received a Rating Confirmation from each Rating Agency with respect thereto and if such officer determines, for and on behalf of the Authority, that (a) the notional amount of the contract or arrangement does not exceed the principal amount of the related series of Senior Bonds or portion thereof as applicable (and in making such a determination, such officer is hereby directed to calculate notional amounts as net amounts by taking into account and giving effect to all contracts and arrangements referred to above and rounding amounts as necessary to establish that each such agreement is a Qualified Swap Agreement) and (b) the contract or arrangement is intended to place the Senior Bonds on the interest rate basis desired by the Authority, that payments (other than payments of fees and expenses and termination payments, which shall be paid as set forth in the Master Indenture) thereunder shall be payable from Revenue on a parity with the payment of Senior Bonds, and that the contract or arrangement is designed to reduce the amount or duration of payment, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or conversion of Senior Bonds of the Authority;

- (6) provided further, that each such contract or arrangement with respect to a Subordinate Bond heretofore or hereafter issued shall be a Parity Obligation (under and as defined in the Subordinate Indenture) if such contract or arrangement is designated as a Parity Obligation in the certificate of the Authority required by Section 3.02(b) of the Subordinate Indenture; and be it further

RESOLVED, that the Authority hereby approves development and use of the Official Statement, relating to the Authority and the Senior Bonds, the Subordinate Bonds, the Refunding Bonds, or the Additional Senior Bonds that are offered or remarketed, and authorizes the Executive Director and the Chief Financial Officer, and each of them, to publish, post or disseminate (and deem final for purposes of Securities and Exchange Commission Rule 15c2-12) the Official Statement; and be it further

RESOLVED, that through the period ending December 31, 2021, the Authority hereby authorizes and delegates authority to each Authorized Representative (as defined in the Master Indenture) to update, as required from time-to-time, the Official Statement, including without limitation Appendix A thereto, with such changes, amendments and supplements therein as are approved by either of them, including changes to reflect the Authority's audited financial statements for Fiscal Year ending June 30, 2020 once they have been finalized, delivered to and accepted by the Authority, as the Authority's Official Statement and to authorize the distribution

of each such Official Statement by underwriters, broker dealers and placement agents, as applicable, through December 31, 2021; and be it further

RESOLVED, that the Authority hereby authorizes and delegates authority to each Authorized Representative (as defined in the Master Indenture) to update the Official Statement for any Refunding Bonds issued on a forward delivery or delayed delivery basis, including updates after December 31, 2021 if such an update is a requirement under the applicable forward delivery or delayed delivery purchase contract or other sale agreement and such agreement is executed prior to December 31, 2021; and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director and the Chief Financial Officer, and each of them, to select the parties to and execute and deliver (and the Secretary is authorized to countersign, if necessary) each of the documents that is necessary or appropriate to effect each of the transactions contemplated hereby, including, without limitation, supplemental indentures, official statements, reoffering circulars, remarketing agreements, pricing notices, credit or liquidity support agreements, reimbursement agreements, escrow agreements, continuing disclosure agreements and purchase contracts, including purchase contracts on a standard delivery basis or on a forward delivery or delayed delivery basis (all such documents are collectively the “Bond Documents”) in substantially the forms approved hereby or executed by the Authority in the past, as applicable, with such additions thereto or changes therein, including, without limitation, additions or changes necessary or desirable to accommodate forward delivery or delayed delivery bonds or private placements of bonds, or to establish terms and conditions related to the issuance of fixed interest rate Refunding Bonds having coupon payments that change over the life of the bonds according to a schedule, or in such other form as the officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve, the approval of such additions or changes or the approval of such other form to be conclusively evidenced by the execution and delivery of each Bond Document; and be it further

RESOLVED, that the Chair of the Authority, the Vice Chair of the Authority, the Executive Director, the Chief Financial Officer and other appropriate officers of the Authority, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all certificates, documents (including, without limitation, fee agreements), amendments, instructions, orders, representations and requests and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution and to carry out,

consummate and perform the duties of the Authority set forth in the Bond Documents and all other documents executed in connection with the Refunding Bonds; and be it further

RESOLVED, that this Resolution shall take effect from and after its adoption.

BAY AREA TOLL AUTHORITY

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Scott Haggerty, Chair

The above resolution was entered into by the Bay Area Toll Authority at a regular meeting of the Authority held in San Francisco, California, on November 20, 2019

## EXHIBIT A

### TO BATA RESOLUTION NO. 132

#### ADDITIONAL SENIOR BONDS CERTIFICATE FOR SUBORDINATE BOND REFUNDINGS

##### BAY AREA TOLL AUTHORITY

Additional Bonds Test calculation for proposed \$3.421 billion of Additional Senior Bonds for purposes of refunding Subordinate Bonds

	Fiscal Year 2019 Audited Results (000's)	Debt Service and Coverage Calculations
A Toll Revenues	\$724,914	
B Interest Income	65,778	
C Other Operating Revenues	26,646	
D REVENUE (A + B + C)	\$817,341	
E Less Category B Maintenance Expenses	\$26,606	
F NET REVENUE (D - E)	\$790,735	
Maximum Annual Debt Service on Senior Bonds as of October 16, 2019 (occurs in the Fiscal Year ending June 30, 2049)	\$333,240	
Maximum Annual Debt Service G after \$3.421 billion of Additional Senior Bonds issued	\$527,157	
H Debt Service Coverage (F / G)	1.50	

\* Table excludes Debt Service on Subordinate Bonds; combined Maximum Annual Debt Service on all outstanding Senior Bonds and Subordinate Bonds as of October 16, 2019 is \$521.243 million.

\*\* Table excludes revenues and interest income attributable to toll increases under Senate Bill 595 (2017).





October 11, 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-2 Direct Placement Bonds

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On November 13, 2019, the Bay Area Toll Authority ("BATA") plans to introduce revisions to Resolution 127, which will authorize BATA's 2020-2021 Plan of Finance, including the issuance of refunding bonds from time to time. BATA intends to issue refunding bonds through direct placement to refinance its \$67,615,000 2012 Series F-1 Senior Lien Toll Bridge Revenue Bonds, which are callable on April 1, 2022. These bonds are the 2012 F-1 callable bonds remaining following the taxable refunding of all other callable 2012 F-1 bonds on September 26, 2019. The direct placement refunding bonds will be designated as the 2019 Series F-2 Senior Toll Bridge Revenue Bonds. The refunding is expected to save approximately \$4 million or 6% of refunded par.

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 F-2 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 F-1 Bonds will be issued as senior fixed rate bonds with maturities on April 1, 2023, 2027, 2029 and 2030. Interest rates are estimated based on the market as of October 11, 2019 with the closing targeted for mid-December. Interest payments will accrue on the first draw date expected to be April 1, 2022, the call date of the 2012 F-1 bonds to be refunded. Until such time, interest and principal of the outstanding 2012 F-1 bonds will be paid as usual.

The bond discount is estimated at 1% of par. Cost of Issuance fees and charges have been calculated based on standard parameters, which establishes a maximum of 1% of the par amount. All third party expenses, including the bond discount, are expected to be funded from cash.



The table below provides the information requested by 5852.1:

True Interest Cost Estimate	2.40%
Cost of Issuance (1%)	\$0.68 million
Discount (1%)	\$0.68 million
Net Proceeds Estimate	\$66.26 million
Total Debt Service Estimate	\$77.71 million

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

FORM OF OFFICIAL STATEMENT FOR BONDS TO BE ISSUED DURING FISCAL YEARS  
ENDED 2020 AND 2021 AS AUTHORIZED BY RESOLUTION No. 132

**NEW ISSUE—BOOK-ENTRY ONLY**

**RATINGS: See “RATINGS”**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the [2020/2021 Series Bonds] is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the [2020/2021 Series Bonds] is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the [2020/2021 Series Bonds]. See “TAX MATTERS.”*

\$[\_\_\_\_\_]  
**BAY AREA TOLL AUTHORITY  
SAN FRANCISCO BAY AREA TOLL BRIDGE  
REVENUE BONDS [2020/2021 SERIES A]  
(VARIABLE RATE BONDS)**

\$[\_\_\_\_\_]  
**BAY AREA TOLL AUTHORITY  
SAN FRANCISCO BAY AREA SUBORDINATE TOLL  
BRIDGE REVENUE BONDS  
[2020/21 SERIES S-10]**

**Dated: Date of Delivery**

**Due: As shown in SUMMARY OF OFFERING**

**This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Bay Area Toll Authority (the “Authority”) will issue its San Francisco Bay Area Toll Bridge Revenue Bonds, [2020/2021 Series A (Variable Rate Bonds)] (the “[2020/2021 Senior Bonds]”) pursuant to the Master Indenture, dated as of May 1, 2001, as supplemented and amended, including as supplemented by the [Thirtieth Supplemental Indenture], dated as of [\_\_\_\_\_ 1, 2020/2021] (collectively, the “Senior Indenture”), between the Authority and MUFG Union Bank, N.A., as trustee. The Authority will issue its San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [2020/2021 Series S-10] (the “[2020/2021 Subordinate Bonds]”) and, together with the [2020/2021 Senior Bonds], the “[2020/2021 Series Bonds]”) pursuant to the Subordinate Indenture, dated as of June 1, 2010, as supplemented and amended, including as supplemented by the [Ninth Supplemental Indenture], dated as of [\_\_\_\_\_ 1, 2020/2021] (collectively, the “Subordinate Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The [2020/2021 Series Bonds] will be dated their date of delivery. The principal amounts, interest rates, maturity dates, and other information relating to each Series of [2020/2021 Series Bonds] are summarized in the SUMMARY OF OFFERING following this cover page. Investors may purchase [2020/2021 Series Bonds] in book-entry form only. The Depository Trust Company will act as securities depository for the [2020/2021 Series Bonds].

A letter of credit for the [2020/2021 Senior Bonds] will be issued as summarized in the SUMMARY OF OFFERING following this cover page by

**[LETTER OF CREDIT BANK]**

The Letter of Credit will expire on [\_\_\_\_\_, 20\_\_]. Payments of principal of and interest on the [2020/2021 Senior Bonds] will be made from draws on the Letter of Credit as described further herein.

The Authority administers the toll revenues from the seven state-owned toll bridges in the San Francisco Bay Area. [The Authority will use the proceeds from the sale of the [2020/2021 Senior Bonds], [together with other available funds], to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Senior Lien Basis”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Senior Lien Basis”); (iii) make a deposit in the Reserve Fund under the Senior Indenture; and (iv) pay the costs of issuing the [2020/2021 Senior Bonds]. The Authority will apply the proceeds from the sale of the [2020/2021 Subordinate Bonds], [together with other available funds], to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Subordinate Lien Basis” and, together with the Senior Bonds Refunded on a Senior Lien Basis, the “Senior Refunded Bonds”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Subordinate Lien Basis” and, together with the Subordinate Bonds Refunded on a Senior Lien Basis, the “Subordinate Refunded Bonds”); (iii) make a deposit in the Reserve Fund under the Subordinate Indenture; and (iv) pay the costs of issuing the [2020/2021 Subordinate Bonds].]

The [2020/2021 Series Bonds] are subject to optional and mandatory redemption by the Authority prior to maturity as described in this Official Statement.

**The Authority is not obligated to pay any [2020/2021 Senior Bonds] except from draws on the Letter of Credit and from Revenue as defined and provided in the Senior Indenture. The Authority is not obligated to pay the [2020/2021 Subordinate Bonds] except from Revenue as defined and provided in the Subordinate Indenture. The [2020/2021 Series Bonds] are special obligations of the Authority and do not constitute an obligation of the State of California (the “State”), the Metropolitan Transportation Commission or of any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any other political subdivision of the State or of any other entity, including the Authority.**

The [2020/2021 Series Bonds] are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and other conditions. Certain legal matters will be passed upon for the Authority by its general counsel, and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Authority, and for the Underwriters by their counsel, Nixon Peabody LLP, and for the Letter of Credit Provider by its counsel, [Letter of Credit Provider Counsel]. The Authority expects that the [2020/2021 Series Bonds] will be available for delivery through DTC on or about [\_\_\_\_\_, 2020/2021].

**BofA Merrill Lynch**

**Citigroup**

**Goldman Sachs & Co. LLC**

**J.P. Morgan**

[DATE, 2020/2021.]

**SUMMARY OF OFFERING**  
**\$[\_\_\_\_\_]**  
**BAY AREA TOLL AUTHORITY**  
**SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS**  
**[2020/2021 Series A] (Variable Rate Bonds)**

**Maturity Date:** April 1, 20[\_\_\_\_]

**Price:** 100%

**Authorized Denominations:** \$5,000 or any integral multiple thereof

**Interest Rate Determination Method:\*** Weekly Rate

**Term or Index Rate:** [\_\_\_\_]%

**Interest Payment Dates:** First Business Day of each calendar month commencing [\_\_\_\_], 20[\_\_\_\_]

**Record Date for Interest Payments:** The Business Day next preceding such Interest Payment Date

**Letter of Credit Provider:** [Letter of Credit Bank]

**Letter of Credit Expiration:** [\_\_\_\_], 20[\_\_\_\_]

**Senior Manager:** [Senior Manager]

**Remarketing Agent:** [Remarketing Agent]

**Short-Term Ratings\*\*** [\_\_\_\_] / [\_\_\_\_] / [\_\_\_\_]

**Moody's/S&P/Fitch:**

**Long-Term Ratings\*\*\* Moody's/S&P/Fitch:** [\_\_\_\_] / [\_\_\_\_] / [\_\_\_\_]

**Underlying Ratings** [\_\_\_\_] / [\_\_\_\_] / [\_\_\_\_]

**Moody's/S&P/Fitch:**

**CUSIP No.:†** 072024[\_\_\_\_]

**\$[\_\_\_\_\_]**  
**BAY AREA TOLL AUTHORITY**  
**SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS**  
**[2020/2021 Series S-10]**

<b>Maturity Date (April 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP Number†</b>
20[____]	\$	%	%	072024[____]
20[____]				072024[____]
20[____]				072024[____]
20[____]				072024[____]

**\$[\_\_\_\_\_] [2020/2021 Series S-10 Term Bond] due April 1, 20[\_\_\_\_] — Rate: [\_\_\_\_]%; Yield: [\_\_\_\_]%**

**Price: [\_\_\_\_] — CUSIP†: 072024[\_\_\_\_]**

\* Upon satisfaction of certain conditions set forth in the Indenture, the [2020/2021 Senior Bonds] may bear interest calculated pursuant to a different Interest Rate Determination Method (as defined herein); provided however, that all [2020/2021 Senior Bonds] of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE [2020/2021 SENIOR BONDS]."

This Official Statement is not intended to provide information about the [2020/2021 Senior Bonds] after conversion to another Interest Rate Determination Method (except with respect to the conversion of any [2020/2021 Senior Bonds] to a Daily Rate where such Remarketed Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the [2020/2021 Senior Bonds] are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE [2020/2021 SENIOR BONDS]."

\*\* Based on the current ratings of the Letter of Credit Provider.

\*\*\* The Moody's long-term rating is based upon a joint default analysis based on the long-term rating of the Letter of Credit Provider, the rating of the Authority and the structure and legal protections of the transaction. The S&P long-term rating is based upon a joint support analysis of the Authority and the Letter of Credit Provider for the [2020/2021 Senior Bonds]. The Fitch long-term rating for the [2020/2021 Senior Bonds] is based upon Fitch's dual-party pay criteria and will be based jointly on the underlying rating assigned to the [2020/2021 Senior Bonds] by Fitch and the ratings assigned to the Letter of Credit Provider.

† CUSIP information herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters assume any responsibility for the accuracy of such numbers.

[INSERT MAP OF BATA BRIDGES]

## **BAY AREA TOLL AUTHORITY**

### **MTC COMMISSIONERS AND AUTHORITY MEMBERS**

#### *Voting Members*

SCOTT HAGGERTY, Chair	Alameda County
ALFREDO PEDROZA, Vice Chair	Napa County and Cities
JEANNIE BRUINS	Cities of Santa Clara County
DAMON CONNOLLY	Marin County and Cities
DAVID CORTESE	Santa Clara County
CAROL DUTRA-VERNACI	Cities of Alameda County
FEDERAL D. GLOVER	Contra Costa County
ANNE W. HALSTED	San Francisco Bay Conservation and Development Commission
NICK JOSEFOWITZ	San Francisco Mayor's Appointee
SAM LICCARDO	San Jose Mayor's Appointee
JAKE MACKENZIE	Sonoma County and Cities
GINA PAPAN	Cities of San Mateo County
DAVID RABBITT	Association of Bay Area Governments
HILLARY RONEN	City and County of San Francisco
LIBBY SCHAAF	Oakland Mayor's Appointee
WARREN SLOCUM	San Mateo County
JAMES P. SPERING	Solano County and Cities
AMY R. WORTH	Cities of Contra Costa County

#### *Non-Voting Members*

JAMES L. STRACNER	U.S. Department of Housing and Urban Development
DORENE M. GIACOPINI	U.S. Department of Transportation
TONY TAVARES	California State Transportation Agency

\*\*\*\*\*

THERESE W. McMILLAN, Executive Director  
ALIX BOCKELMAN, Deputy Executive Director, Policy  
ANDREW B. FREMIER, Deputy Executive Director, Operations  
BRADFORD PAUL, Deputy Executive Director, Local Government Services  
BRIAN MAYHEW, Chief Financial Officer  
ADRIENNE D. WEIL, General Counsel

#### **SENIOR INDENTURE TRUSTEE**

MUFG Union Bank, N.A.  
San Francisco, California

#### **SUBORDINATE INDENTURE TRUSTEE**

The Bank of New York Mellon Trust Company, N.A.  
San Francisco, California

#### **BOND COUNSEL & DISCLOSURE COUNSEL**

Orrick, Herrington & Sutcliffe LLP  
San Francisco, California

#### **FINANCIAL ADVISOR**

PFM Financial Advisors, LLC  
San Francisco, California

## IMPORTANT NOTICES

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the [2020/2021 Series Bonds] by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Authority and other sources that are believed by the Authority to be reliable. The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Audited financial information relating to the Authority for the Fiscal Year ended June 30, 20[ ] is posted on the Municipal Security Rulemaking Board's Electronic Municipal Market Access ("EMMA") website and is explicitly incorporated into this Official Statement. See APPENDIX A — "AUTHORITY FINANCIAL AND OPERATING INFORMATION – Financial Statements." Excepting only the incorporation by reference of the audited financial information for the Fiscal Year ended June 30, 20[ ] posted to EMMA as set forth in APPENDIX A – "AUTHORITY FINANCIAL AND OPERATING INFORMATION – Financial Statements," any references to internet websites contained in this Official Statement are shown for reference and convenience only; the information contained in such websites is not incorporated herein by reference and does not constitute a part of this Official Statement.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in the Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the [2020/2021 Series Bonds].

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the respective dates hereof. The Official Statement is submitted with respect to the sale of the [2020/2021 Series Bonds] referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of the Official Statement and its distribution have been duly authorized and approved by the Authority.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Capitalized terms used but not defined herein are defined in APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE–DEFINITIONS" or APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE–DEFINITIONS."

In connection with the offering of the [2020/2021 Series Bonds], the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the [2020/2021 Series Bonds] at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the [2020/2021 Series Bonds] to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields



stated in the SUMMARY OF OFFERING and such public offering prices may be changed from time to time by the Underwriters.

[Letter of Credit Provider], solely in its capacity as provider of the Letter of Credit, has no responsibility for the form and content of this Official Statement, other than solely with respect to the information describing itself under the heading “THE LETTER OF CREDIT PROVIDER” and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the heading “THE LETTER OF CREDIT PROVIDER.”

### **[2020/2021 SERIES BONDS] NOT REGISTERED**

The [2020/2021 Series Bonds] will not be registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such laws. The [2020/2021 Series Bonds] will not have been recommended by the Securities and Exchange Commission or any other federal or state securities commission or regulatory authority, and no such commission or regulatory authority will have reviewed or passed upon the accuracy or adequacy of this Official Statement. The registration or qualification of the [2020/2021 Series Bonds] in accordance with the applicable provisions of securities laws of any jurisdiction in which the [2020/2021 Series Bonds] may have been registered or qualified and the exemption therefrom in other jurisdictions cannot be regarded as a recommendation thereof by any such jurisdiction. Any representation to the contrary may be a criminal offense.

### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THE OFFICIAL STATEMENT**

Some statements contained in the Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” “plan,” “budget,” and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in the Official Statement.

**The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.**

# TABLE OF CONTENTS

	Page
INTRODUCTION AND PURPOSE OF THE [2020/2021 SERIES BONDS] .....	1
THE BAY AREA TOLL AUTHORITY .....	1
DESCRIPTION OF THE [2020/2021 SERIES BONDS] .....	2
General .....	2
The [2020/2021 Senior Bonds] .....	2
The [2020/2021 Subordinate Bonds] .....	3
REDEMPTION PROVISIONS OF THE [2020/2021 SERIES BONDS] .....	4
Redemption Terms of the [2020/2021 Senior Bonds] .....	4
Redemption Terms of the [2020/2021 Subordinate Bonds] .....	5
Notice of Redemption .....	6
Conditional Notice of Redemption; Rescission .....	7
Effect of Redemption .....	7
Interest Rate Determination Methods .....	7
Conversion of Interest Rate Determination Method .....	9
Optional Tender Provisions .....	9
Mandatory Tender Provisions .....	10
Funding Optional and Mandatory Tenders of [2020/2021 Senior Bonds] .....	11
Mechanics and Timing of Optional and Mandatory Tenders .....	11
Mandatory Tender for Authority Purchase of [2020/2021 Senior Bonds] at Election of Authority .....	12
[FORWARD DELIVERY BONDS] .....	13
[Forward Date of Delivery] .....	13
[Additional Risks Related to the Forward Delivery Period] .....	15
REMARKETING AGENT .....	17
PRACTICES AND PROCEDURES RELATED TO THE [2020/2021 SENIOR BONDS] .....	17
THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT .....	19
General .....	19
Extension, Reduction, Adjustment or Termination of Letter of Credit .....	20
Summary of Reimbursement Agreement .....	21
THE LETTER OF CREDIT PROVIDER .....	26
SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS .....	26
Statutory Lien on Bridge Toll Revenues .....	26
Pledge by the State .....	26

## TABLE OF CONTENTS

(continued)

	Page
Toll Bridge Revenue Bonds.....	27
Certain Provisions of the Senior Indenture .....	27
Certain Provisions of the Subordinate Indenture .....	30
SUMMARY OF FINANCING PLAN .....	34
The Senior Refunded Bonds .....	35
The Subordinate Refunded Bonds .....	35
Estimated Sources and Uses of Funds of the [2020/2021 Senior Bonds].....	36
Estimated Sources and Uses of Funds of the [2020/2021 Subordinate Bonds] .....	37
Additional Bonds Test .....	37
[2020/2021 Subordinate Bond] Reserve Funds .....	37
Anticipated Bond Issuances of the Authority .....	37
Investment Policies and Portfolio .....	38
RISK FACTORS .....	38
Uncertainties of Projections, Forecast and Assumptions .....	38
Risk of Earthquake.....	38
Other Force Majeure Events .....	39
Climate Change Issues and Economic Impact of Possible New and Increased Regulation .....	39
Sea Level Rise .....	40
Threats and Acts of Terrorism .....	40
No Insurance Coverage.....	40
Economic Factors; Increasing Tolls.....	41
Risk of Non-Payment of Direct Subsidy Payments .....	41
Variable Rate Obligations and Credit Facilities .....	42
Remarketing Risk .....	42
Index Determination Risk .....	43
Swap Related Risks.....	44
Cybersecurity .....	44
State Legislation .....	44
Voter Initiatives .....	44
ABSENCE OF MATERIAL LITIGATION.....	45
TAX MATTERS.....	46
ERISA CONSIDERATIONS .....	48

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
LEGAL MATTERS .....	49
RATINGS .....	49
[2020/2021 Senior Bonds] .....	49
[2020/2021 Subordinate Bonds] .....	49
Meaning of Ratings .....	50
UNDERWRITING .....	50
VERIFICATION REPORTS .....	51
MUNICIPAL ADVISOR .....	51
RELATIONSHIP OF CERTAIN PARTIES .....	51
CONTINUING DISCLOSURE .....	52
MISCELLANEOUS .....	52
APPENDIX A BAY AREA TOLL AUTHORITY .....	A-1
APPENDIX B DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE .....	B-1
APPENDIX C DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE .....	C-1
APPENDIX D BOOK-ENTRY ONLY SYSTEM .....	D-1
APPENDIX E PROPOSED FORM OF OPINION OF BOND COUNSEL .....	E-1
APPENDIX F PROJECTED DEBT SERVICE SCHEDULE .....	F-1
APPENDIX G FORM OF CONTINUING DISCLOSURE AGREEMENTS .....	G-1
APPENDIX H FORM OF LETTER OF CREDIT .....	H-1
APPENDIX I FORM OF FORWARD DELIVERY CONTRACT .....	H-2

\$[\_\_\_\_\_]  
**BAY AREA TOLL AUTHORITY  
SAN FRANCISCO BAY AREA TOLL BRIDGE  
REVENUE BONDS [2020/2021 SERIES A]  
(VARIABLE RATE)**

\$[\_\_\_\_\_]  
**BAY AREA TOLL AUTHORITY  
SAN FRANCISCO BAY AREA SUBORDINATE  
TOLL BRIDGE REVENUE BONDS  
[2020/2021 SERIES S-10]**

**INTRODUCTION AND PURPOSE OF THE [2020/2021 SERIES BONDS]**

This Official Statement provides information concerning the issuance and sale by the Bay Area Toll Authority (the “Authority”) of its \$[\_\_\_\_\_] San Francisco Bay Area Toll Bridge Revenue Bonds, [2020/2021 Series A (Variable Rate)] (the “[2020/2021 Senior Bonds]”) and its \$[\_\_\_\_\_] San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [2020/2021 Series S-10] (the “[2020/2021 Subordinate Bonds]”) and, together with the [2020/2021 Senior Bonds], the “[2020/2021 Series Bonds]”). Investors must review the entire Official Statement to make an informed investment decision concerning the [2020/2021 Series Bonds].

[The Authority will apply the proceeds from the sale of the [2020/2021 Senior Bonds], [together with other available funds], to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Senior Lien Basis”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Senior Lien Basis”); (iii) make a deposit in the Reserve Fund under the Senior Indenture; and (iv) pay the costs of issuing the [2020/2021 Senior Bonds].

[The Authority will apply the proceeds from the sale of the [2020/2021 Subordinate Bonds], [together with other available funds], to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Subordinate Lien Basis” and, together with the Senior Bonds Refunded on a Senior Lien Basis, the “Senior Refunded Bonds”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Subordinate Lien Basis” and, together with the Subordinate Bonds Refunded on a Senior Lien Basis, the “Subordinate Refunded Bonds”); (iii) make a deposit in the Reserve Fund under the Subordinate Indenture; and (iv) pay the costs of issuing the [2020/2021 Subordinate Bonds].]

The Senior Refunded Bonds and the Subordinate Refunded Bonds are herein referred to collectively as the “Refunded Bonds.”]

In connection with the issuance of the [2020/2021 Senior Bonds], a new letter of credit (the “Letter of Credit”) is being issued by [Letter of Credit Provider] (the “Letter of Credit Provider”), pursuant to the Reimbursement Agreement, dated October 16, 2014, as amended on June 15, 2017 and as further amended on August 1, 2019 (the “Reimbursement Agreement”), between the Authority and with certain banks and with [Bank Agent], as agent for such banks, all as further described herein. See “THE LETTER OF CREDIT PROVIDER.” The Authority’s obligations to reimburse the Letter of Credit Provider for draws on its Letter of Credit are payable from Revenue pursuant to the Senior Indenture (as defined below) as summarized herein. See “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” and APPENDIX H – “FORM OF LETTER OF CREDIT.”

**THE BAY AREA TOLL AUTHORITY**

The Authority administers toll revenue collections and finances improvements for seven state-owned toll bridges in the San Francisco Bay Area: the Antioch Bridge, the Benicia-Martinez Bridge, the

Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (the “Bridge System”). Principal of and interest and mandatory sinking fund payments on the [2020/2021 Senior Bonds] are payable from Revenue (as defined and provided in the Senior Indenture (defined below)) pursuant to the Senior Indenture, as summarized herein. Principal of and interest and mandatory sinking fund payments on the [2020/2021 Subordinate Bonds] are payable from Revenue (as defined and provided in the Subordinate Indenture (defined below)) pursuant to the Subordinate Indenture, as summarized herein.

Further information about the Authority, its finances, its projects, the Bridge System and its other obligations appears in APPENDIX A – “BAY AREA TOLL AUTHORITY.” For the financial statements covering the Authority, see APPENDIX A – “AUTHORITY FINANCIAL AND OPERATING INFORMATION – Financial Statements.”

## **DESCRIPTION OF THE [2020/2021 SERIES BONDS]**

### **General**

Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, as amended from time to time, the “Act”) authorize the Authority to issue toll bridge revenue bonds, including the [2020/2021 Series Bonds], to finance and refinance the construction, improvement and equipping of the Bridge System and other transportation projects authorized by the Act, and the Authority is additionally authorized to issue refunding bonds pursuant to Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53570 et seq.) (the “Refunding Bond Law”).

The Authority will issue the [2020/2021 Series Bonds] in book-entry form only. The [2020/2021 Series Bonds] will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the [2020/2021 Series Bonds]. Beneficial Owners of the [2020/2021 Series Bonds] will not receive certificates representing their ownership interests in the [2020/2021 Series Bonds] purchased. The Authority will make payments of principal of and interest on the [2020/2021 Series Bonds] to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the [2020/2021 Series Bonds] is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

**The [2020/2021 Series Bonds] are special obligations of the Authority and do not constitute an obligation of the State of California (the “State”), the Metropolitan Transportation Commission or of any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any other political subdivision of the State or of any other entity, including the Authority.**

### **The [2020/2021 Senior Bonds]**

The Authority will issue the [2020/2021 Senior Bonds] pursuant to the Master Indenture, dated as of May 1, 2001, as supplemented by the [Thirtieth Supplemental Indenture], dated as of [\_\_\_\_\_] 1, 2020/2021] (the “Supplemental Indenture” and, together with the Master Indenture, as previously supplemented and amended, the “Senior Indenture”), between the Authority and MUFG Union Bank, N.A., as trustee (the “Senior Indenture Trustee”). The [2020/2021 Senior Bonds] and any other bonds issued under the Senior Indenture are sometimes referred to in this Official Statement as the “Senior Bonds.” The Authority’s Senior Bonds, together with other obligations payable on a parity with the Senior Bonds, are referred to herein as the “Senior Obligations.” See APPENDIX B – “DEFINITIONS AND SUMMARY

OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” for a summary of certain terms of the Senior Bonds.

Payments of principal of and interest on the [2020/2021 Senior Bonds] will be made from draws on the Letter of Credit. The obligation of the Authority to timely reimburse the Letter of Credit Provider under the Reimbursement Agreement is on parity with the Authority’s obligation to pay the [2020/2021 Senior Bonds]. See “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT.”

Upon issuance, the [2020/2021 Senior Bonds] will bear interest at the Weekly Rate determined as described below under “—Interest Rate Determination Methods.” Interest on each Series of the [2020/2021 Senior Bonds] bearing interest at a Daily Rate or a Weekly Rate will be payable on the first Business Day of each calendar month. Other Interest Payment Dates for the [2020/2021 Senior Bonds] are (i) each Conversion Date, (ii) each mandatory tender date on which substitution of a Credit Support Instrument providing support for the [2020/2021 Senior Bonds] bearing interest at the Daily Rate or the Weekly Rate occurs, and (iii) in all events the final maturity date or redemption date. Interest on [2020/2021 Senior Bonds] bearing interest at a Daily Rate or a Weekly Rate will be computed on the basis of a 365/366-day year and actual days elapsed. The record date for [2020/2021 Senior Bonds] bearing interest at the Daily Rate or the Weekly Rate will be the Business Day immediately preceding the Interest Payment Date. The [2020/2021 Senior Bonds] will be remarketed in fully registered form in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof.

Upon satisfaction of conditions set forth in the Indenture, a Series of [2020/2021 Senior Bonds] may be changed at the election of the Authority to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), provided however, that each [2020/2021 Senior Bond] within a Series of [2020/2021 Senior Bonds] shall have the same Interest Rate Determination Method as other [2020/2021 Senior Bonds] within such Series of [2020/2021 Senior Bonds] (except [2020/2021 Senior Bonds] which are [2020/2021 Credit Provider Bonds], [2020/2021 Senior Bonds] during a Commercial Paper Rate Period, and [2020/2021 Senior Bonds] of different maturities bearing interest at a Fixed Rate) and shall bear interest at the same interest rate. Each Series of [2020/2021 Senior Bonds] may bear interest at different interest rates in accordance with the Interest Rate Determination Method provided in the Senior Indenture. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Conversion of Interest Rate Determination Method.”

**This Official Statement is not intended to provide information about the [2020/2021 Senior Bonds] after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Series of [2020/2021 Senior Bonds] to a Daily Rate where such Series of [2020/2021 Senior Bonds] are supported by a Letter of Credit that supports a Daily Rate).**

For a description of the Authority’s Outstanding Senior Bonds and Senior Obligations, see APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – Outstanding Senior Bonds and Senior Obligations” and APPENDIX F – “PROJECTED DEBT SERVICE SCHEDULE.”

### **The [2020/2021 Subordinate Bonds]**

The Authority will issue the [2020/2021 Subordinate Bonds] pursuant to the Subordinate Indenture, dated as of June 1, 2010, as supplemented by an [Tenth Supplemental Indenture], dated as of [\_\_\_\_\_] 1, 2020/2021] (the “Subordinate Supplemental Indenture” and, together with the Subordinate Indenture, as previously supplemented and amended, the “Subordinate Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Subordinate Indenture Trustee”). The

[2020/2021 Subordinate Bonds] and any other bonds issued under the Subordinate Indenture are sometimes referred to in this Official Statement as the “Subordinate Bonds.” The Authority’s Subordinate Bonds, together with other obligations payable on a parity with the Subordinate Bonds, are referred to herein as the “Subordinate Obligations.” See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” for a summary of certain terms of the Subordinate Bonds.

The [2020/2021 Subordinate Bonds] will be dated their date of delivery, will mature on the dates and will bear interest on the basis of a 360-day year comprised of twelve 30-day months at the rates per annum shown in the SUMMARY OF OFFERING. Interest on the [2020/2021 Subordinate Bonds] will be payable on April 1 and October 1 of each year commencing on [April/October 1, 2020/2021/2022] (each a “Subordinate Bonds Interest Payment Date”) and at maturity or upon the prior redemption thereof. The [2020/2021 Subordinate Bonds] will bear interest payable to the registered owner thereof from the latest of: (i) its Issue Date, (ii) the most recent Subordinate Bonds Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such [2020/2021 Subordinate Bond] is after a record date but prior to the immediately succeeding Subordinate Bonds Interest Payment Date, the Subordinate Bonds Interest Payment Date immediately succeeding such date of authentication. The record date for [2020/2021 Subordinate Bonds] will be the fifteenth day (whether or not a Business Day) of the month preceding the month in which the Subordinate Bonds Interest Payment Date occurs. The [2020/2021 Subordinate Bonds] will be issued in fully registered form in the denominations of \$5,000 and any integral multiple thereof.

For a description of the Authority’s Outstanding Subordinate Bonds and Subordinate Obligations, see APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – Outstanding Subordinate Bonds” and APPENDIX F – “PROJECTED DEBT SERVICE SCHEDULE.”

## **REDEMPTION PROVISIONS OF THE [2020/2021 SERIES BONDS]**

### **Redemption Terms of the [2020/2021 Senior Bonds]**

***Optional Redemption.*** The [2020/2021 Senior Bonds] bearing interest at the Daily Rate or the Weekly Rate are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any day, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

***Mandatory Redemption.*** The [2020/2021 Senior Bonds] are subject to mandatory redemption from Sinking Fund Installments for such Series, on each date a Sinking Fund Installment for such Series is due, and in the principal amount equal to the Sinking Fund Installment due on such date at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:



<i>Redemption Date (April 1)</i>	<i>Sinking Fund Installment (\$)</i>	<i>Redemption Date (April 1)</i>	<i>Sinking Fund Installment (\$)</i>
20[ ]		20[ ]	
20[ ]		20[ ]	
20[ ]		20[ ]	
20[ ]		20[ ]	
20[ ]		20[ ]	
20[ ]		20[ ]	
20[ ]		20[ ] <sup>†</sup>	
20[ ]			

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<sup>†</sup> Final Maturity

***Purchase In Lieu of Redemption.*** In lieu of mandatory redemption, the Authority may surrender to the Senior Indenture Trustee for cancellation [2020/2021 Senior Bonds] purchased by the Authority and such [2020/2021 Senior Bonds] shall be cancelled by the Senior Indenture Trustee. If any [2020/2021 Senior Bonds] are so cancelled, the Authority may designate the Sinking Fund Installments or portions thereof with respect to any Term Bonds of the [2020/2021 Senior Bonds] that are to be reduced as a result of to such cancellation

***Selection of [2020/2021 Senior Bonds] for Redemption.*** The Authority will designate which [2020/2021 Senior Bonds] are to be redeemed; *provided* that Credit Provider Bonds must be redeemed prior to the optional redemption of any other [2020/2021 Senior Bonds]; and *provided further* that prior to the successful remarketing of any Series of [2020/2021 Senior Bonds], any partial redemption of such Series of [2020/2021 Senior Bonds] shall be applied to reduce scheduled Sinking Fund Installments of such Series for such date as designated by the Authority, subject to minimum Authorized Denominations. If less than all the [2020/2021 Senior Bonds] of a Series maturing by their terms on any one date are to be redeemed at any one time, the Senior Indenture Trustee shall select the [2020/2021 Senior Bonds] of such maturity date to be redeemed by such other method as the Securities Depository shall use, as applicable, or if no such method is prescribed by the Securities Depository, as the Senior Indenture Trustee determines to be fair and reasonable. DTC's stated practice is to determine by lot the amount of the interest of each DTC Direct Participant within a Series of Bonds to be redeemed. See APPENDIX D — "BOOK-ENTRY ONLY SYSTEM." For purposes of such selection, the [2020/2021 Senior Bonds] shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. The Authority may designate the Sinking Fund Installments, or portions thereof, that are to be reduced as a result of such redemption.

## **Redemption Terms of the [2020/2021 Subordinate Bonds]**

***Optional Redemption.*** The [2020/2021 Subordinate Bonds] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part, on any date on or after [April/October 1, 20[ ]] at the principal amount of the [2020/2021 Subordinate Bonds] called for redemption plus accrued and unpaid interest to the date fixed for redemption, if any, without premium.

***Mandatory Sinking Fund Redemption.*** The [2020/2021 Subordinate Bonds] maturing on April 1, 20[ ] are subject to mandatory redemption prior to their stated maturity, in part, by lot, from Sinking Fund

Installments on each April 1st a Sinking Fund Installment is due for such maturity, in the principal amount equal to such Sinking Fund Installment due on such date and at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium, as follows:

**[2020/2021 Subordinate Bonds] Maturing April 1, 20[ ]**

<i>Redemption Date (April 1)</i>	<i>Sinking Fund Installment</i>
20[ ]	\$
20[ ]	
20[ ]	
20[ ]	
20[ ]	
20[ ]	
20[ ]	
20[ ]†	

† Final Maturity

***Purchase In Lieu of Redemption.*** In lieu of mandatory redemption, the Authority may surrender to the Trustee under the Subordinate Indenture (the “Subordinate Indenture Trustee”) for cancellation [2020/2021 Subordinate Bonds] purchased by the Authority, and such [2020/2021 Subordinate Bonds] shall be cancelled by the Subordinate Indenture Trustee. Upon such cancellation, the Authority will designate in writing to the Subordinate Indenture Trustee the Sinking Fund Installments or portions thereof with respect to any Term Bonds of [2020/2021 Subordinate Bonds] for that maturity, in an aggregate amount equal to the principal amount of cancelled [2020/2021 Subordinate Bonds] of such maturity, that are to be reduced as allocated to such cancellation, in an aggregate amount equal to the principal amount of [2020/2021 Subordinate Bonds] of such Series and maturity so purchased and cancelled.

***Selection of [2020/2021 Subordinate Bonds] for Redemption.*** In the case of redemptions of [2020/2021 Subordinate Bonds] at the option of the Authority, the Authority will designate which maturities of [2020/2021 Subordinate Bonds] are to be redeemed. If less than all [2020/2021 Subordinate Bonds] of a Series maturing on any one date are to be redeemed at any one time, DTC’s practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be redeemed. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.” For purposes of such selection, the [2020/2021 Subordinate Bonds] shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event of an optional redemption of any Term Bonds of a Series of [2020/2021 Subordinate Bonds], the Authority will designate the Sinking Fund Installments, or portions thereof, that are to be reduced as a result of such redemption.

## **Notice of Redemption**

Each notice of redemption is to be mailed by the Senior Indenture Trustee or the Subordinate Indenture Trustee, as applicable, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of [2020/2021 Series Bonds] will be governed by arrangements among them, and the Authority and the Senior Indenture Trustee and the Subordinate Indenture Trustee, as applicable, will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC or

Beneficial Owners to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

### **Conditional Notice of Redemption; Rescission**

Any notice of optional redemption of the [2020/2021 Series Bonds] may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the Authority will not be required to redeem such [2020/2021 Series Bonds] and the redemption will be cancelled. The Senior Indenture Trustee and the Subordinate Indenture Trustee, as applicable, will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the [2020/2021 Series Bonds], rescind and cancel such notice of redemption by Written Request of the Authority to the Senior Indenture Trustee or the Subordinate Indenture Trustee, as applicable, and any optional redemption of the [2020/2021 Series Bonds] and notice thereof will be rescinded and cancelled and the applicable trustee is to mail notice of such cancellation to DTC.

Any optional redemption of the [2020/2021 Series Bonds] and notice thereof will be rescinded and cancelled if for any reason on the date fixed for optional redemption moneys are not available in the applicable Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the [2020/2021 Series Bonds] called for optional redemption and such failure to optionally redeem the [2020/2021 Series Bonds] called for redemption is not a default under the applicable Senior Indenture or Subordinate Indenture, as applicable.

### **Effect of Redemption**

Notice of redemption having been duly given pursuant to the Senior Indenture or the Subordinate Indenture, as applicable, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the [2020/2021 Series Bonds] (or portions thereof) so called for redemption being held by the Senior Indenture Trustee or the Subordinate Indenture Trustee, as applicable, on the redemption date designated in such notice, the [2020/2021 Series Bonds] (or portions thereof) so called for redemption shall become due and payable at the redemption price specified, together with interest accrued thereon to the date fixed for redemption. Thereafter, interest on such [2020/2021 Series Bonds] shall cease to accrue, and said [2020/2021 Series Bonds] (or portions thereof) shall cease to be entitled to any benefit or security under the Senior Indenture or the Subordinate Indenture.

### **Interest Rate Determination Methods**

**General.** Upon their initial issuance, the [2020/2021 Senior Bonds] bear interest at a Weekly Rate, which for the initial Weekly Rate Period shall be [ ]% for all Series of [2020/2021 Senior Bonds]. The Authority has the right to change the Interest Rate Determination Method for all (but not less than all) of a Series of the [2020/2021 Senior Bonds] to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate). See “ — Conversion of Interest Rate Determination Method” below.

Each Series of the [2020/2021 Senior Bonds] will initially have a Remarketing Agent. See “REMARKETING AGENT.” See also “PRACTICES AND PROCEDURES RELATED TO THE [2020/2021 SENIOR BONDS].”

No Daily Rate or Weekly Rate on the [2020/2021 Senior Bonds] will exceed 12% per annum.

***Daily Rate.*** So long as a Series of [2020/2021 Senior Bonds] is in the Daily Rate Period, such Bonds will bear interest at a Daily Rate. During each Daily Rate Period, the Remarketing Agent is to set a Daily Rate for such Series of [2020/2021 Senior Bonds] by 9:30 a.m., New York City time, on each Business Day, which Daily Rate is to be the rate of interest that, if borne by such Series of [2020/2021 Senior Bonds] in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such Series of [2020/2021 Senior Bonds] or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of such Series of [2020/2021 Senior Bonds] for which the Daily Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such Series of [2020/2021 Senior Bonds] at a price of par (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

***Weekly Rate.*** So long as a Series of [2020/2021 Senior Bonds] are in the Weekly Rate Period, such Bonds will bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent is to set a Weekly Rate for such Series of [2020/2021 Senior Bonds], by 5:00 P.M., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week (a “Calendar Week”); *provided*, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate is to be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date; *provided further*, that, in connection with the substitution of a Credit Support Instrument providing support for any Series of the [2020/2021 Senior Bonds] bearing interest at the Weekly Rate, the Weekly Rate with respect to such Series for the first Calendar Week (or portion thereof) following such substitution shall be set by the Remarketing Agent on the Business Day immediately preceding the date of such substitution, and such Weekly Rate will be effective only if such substitution is effected. Each Weekly Rate shall be the rate of interest which, if borne by such Series of [2020/2021 Senior Bonds] in the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such Series of [2020/2021 Senior Bonds] for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the [2020/2021 Senior Bonds] for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such Series of [2020/2021 Senior Bonds] at a price of par (plus accrued interest, if any) on the first day of such Weekly Rate Period.

***Failure to Determine Rate for Certain Rate Periods.*** If, for any reason, the Daily Rate or the Weekly Rate for the [2020/2021 Senior Bonds] is not established as described above, or there is no Remarketing Agent for the [2020/2021 Senior Bonds], or any Daily Rate or Weekly Rate so established is held to be invalid or unenforceable, then an interest rate for such Series of [2020/2021 Senior Bonds] for such Rate Period equal to 100% of the SIFMA Swap Index on the date such Daily Rate or Weekly Rate was (or would have been) determined, as provided pursuant to the provisions of the Indenture described above, shall be established automatically. “SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Senior Indenture Trustee and effective from such date.

**Bond Purchases.** The Senior Indenture Trustee will make each purchase drawing under the Letter of Credit in an amount equal to the Purchase Price for such Series of [2020/2021 Senior Bonds] being purchased less the amount of remarketing proceeds, if any, that the Senior Indenture Trustee has received from the Remarketing Agent by the time that is thirty minutes prior to the latest time for submitting purchase draw requests for same day payment under the Letter of Credit. The Remarketing Agent for the [2020/2021 Senior Bonds] will be required to transfer to the Senior Indenture Trustee the proceeds of any remarketing that has occurred by 12:15 p.m., New York City time, thereby assisting the Senior Indenture Trustee to determine whether it is necessary to obtain funds under the Letter of Credit to purchase tendered [2020/2021 Senior Bonds].

## **Conversion of Interest Rate Determination Method**

**Right of Conversion.** The Interest Rate Determination Method for any Series of [2020/2021 Senior Bonds] is subject to Conversion from one Interest Rate Determination Method to another from time to time by the Authority, with such right to be exercised by delivery of a Conversion Notice to the Senior Indenture Trustee, the Index Agent, if any, the Remarketing Agent and the Letter of Credit Provider. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Senior Indenture Trustee is to give notice by first-class mail to the Owners of such [2020/2021 Senior Bonds] in accordance with the Indenture. The Indenture provides that such notice may be rescinded prior to the effective date of the Conversion. See APPENDIX B — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE INDENTURE—Conversion of Interest Rate Determination Method.”

**Failure to Convert.** The Indenture includes provisions setting forth the procedures and conditions for the exercise by the Authority of its right of conversion of the [2020/2021 Senior Bonds] from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed. However, once a notice of conversion is provided to the Owners of a Series of [2020/2021 Senior Bonds], all such Bonds in such Series of [2020/2021 Senior Bonds] must be tendered for purchase (whether or not the planned conversion is completed). See “—Mandatory Tender Provisions” below. See “—Funding Optional and Mandatory Tenders of [2020/2021 Senior Bonds]” below concerning payment for [2020/2021 Senior Bonds] so tendered for purchase.

The Indenture provides that a failed conversion of [2020/2021 Senior Bonds] to another Interest Rate Determination Method means that such [2020/2021 Senior Bonds] will continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date (as if no proceedings for Conversion had taken place) and the rate of interest thereon shall be determined on the proposed Conversion Date. If the failed conversion is due to insufficient funds, such [2020/2021 Senior Bonds] will be returned to the respective Owners thereof and the interest rate will be the lesser of the SIFMA Swap Index plus 3% and the Maximum Interest Rate of 12% from the date of such failed purchase until all [2020/2021 Senior Bonds] are purchased as required in accordance with the Indenture. See “—Funding Optional and Mandatory Tenders of [2020/2021 Senior Bonds]” below.

## **Optional Tender Provisions**

The [2020/2021 Senior Bonds] bearing interest at a Daily Rate or a Weekly Rate (other than Credit Provider Bonds) are subject to tender for purchase and remarketing at the option of the Owner or the Beneficial Owners of those [2020/2021 Senior Bonds], who may elect to have [2020/2021 Senior Bonds] (or portions thereof in Authorized Denominations) purchased at a purchase price (the “Purchase Price”) equal to the principal amount thereof, without premium, plus any accrued interest to the Purchase Date. If the Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such

Interest Payment Date, then accrued interest will be paid to DTC for payment to the Beneficial Owners as of the applicable Record Date.

[2020/2021 Senior Bonds] bearing interest at a Daily Rate may be tendered for purchase on any Business Day at the Purchase Price, payable in immediately available funds, upon (A) delivery by the Owner or the Beneficial Owner of such [2020/2021 Senior Bonds] to the Remarketing Agent and to the Senior Indenture Trustee at its Principal Office of an irrevocable written or electronic notice by 11:00 A.M. (New York City time) on any Business Day, that states the principal amount of such [2020/2021 Senior Bond] to be tendered for purchase and the Purchase Date, and (B) delivery of such [2020/2021 Senior Bonds] to the Senior Indenture Trustee on the Purchase Date in accordance with the Indenture.

[2020/2021 Senior Bonds] bearing interest at a Weekly Rate may be tendered for purchase on any Business Day at the Purchase Price, payable in immediately available funds, upon (A) delivery by the Owner or the Beneficial Owner of such [2020/2021 Senior Bonds] to the Remarketing Agent and to the Senior Indenture Trustee at its Principal Office of an irrevocable written or electronic notice by 5:00 P.M. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such [2020/2021 Senior Bond] to be tendered for purchase and the Purchase Date, and (B) delivery of such [2020/2021 Senior Bonds] to the Senior Indenture Trustee on the Purchase Date in accordance with the Indenture.

Any [2020/2021 Senior Bond] may be tendered for purchase in part as long as the amount so purchased and not so purchased are each in an Authorized Denomination.

Any instrument delivered to the Senior Indenture Trustee in accordance with the provisions of the Indenture described above shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon DTC and any subsequent Owner or Beneficial Owner of the [2020/2021 Senior Bonds] to which it relates, including any [2020/2021 Senior Bond] issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the Owner or the Beneficial Owner of the [2020/2021 Senior Bonds] specified therein shall not have any right to optionally tender for purchase such [2020/2021 Senior Bonds] prior to the date of purchase specified in such notice. The Authority, the Remarketing Agent and the Senior Indenture Trustee may conclusively assume that any person (other than an Owner) providing notice of optional tender pursuant to the Indenture is the Beneficial Owner of the [2020/2021 Senior Bonds] to which such notice relates, and none of the Authority, the Remarketing Agent or the Senior Indenture Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of [2020/2021 Senior Bonds].

Draws on the Letter of Credit issued pursuant to the Reimbursement Agreement described under “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” will provide funds for the purchase of the [2020/2021 Senior Bonds] that are not successfully remarketed upon optional tender by Owners or Beneficial Owners for purchase and remarketing. See “Funding Optional and Mandatory Tenders of [2020/2021 Senior Bonds]” below.

### **Mandatory Tender Provisions**

The [2020/2021 Senior Bonds] will be subject to mandatory tender for purchase at the Purchase Price on the Conversion Date (or on the proposed Conversion Date if the conversion fails to occur) to a new Interest Rate Determination Method specified in a Conversion Notice as described above under “Conversion of Interest Rate Determination Method.”

Draws on the Letter of Credit issued pursuant to the Reimbursement Agreement described under the caption “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” will provide funds

for the purchase of the [2020/2021 Senior Bonds] that are not successfully remarketed upon optional tender by Bond owners for purchase and remarketing, and for the purchase of [2020/2021 Senior Bonds] that are not successfully remarketed upon mandatory tender. The [2020/2021 Senior Bonds] will be subject to mandatory tender for purchase at the Purchase Price (i) on the fifth (5<sup>th</sup>) Business Day preceding the scheduled expiration of, or the termination by election of the Authority of, the Letter of Credit, and (ii) on the date of provision of a substitute credit or liquidity facility and resultant termination of the Letter of Credit. An alternate Credit Support Instrument may not be substituted for the Letter of Credit for the [2020/2021 Senior Bonds] unless a mandatory tender and purchase of all of the [2020/2021 Senior Bonds] occurs. The Senior Indenture Trustee is to give DTC at least 15 days' notice of any such elected termination, substitution or expiration. The Authority may rescind any notice of mandatory tender provided to Owners in connection with the substitution of a Credit Support Instrument by giving written notice of such rescission to Owners of such [2020/2021 Senior Bonds] on or prior to the date set for such substitution and mandatory tender and such notice previously delivered by the Authority shall be of no force and effect.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of [2020/2021 Senior Bonds] will be governed by arrangements among them, and the Authority and the Senior Indenture Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of [2020/2021 Senior Bonds].

### **Funding Optional and Mandatory Tenders of [2020/2021 Senior Bonds]**

The Authority expects funds to be made available to purchase [2020/2021 Senior Bonds] tendered for purchase pursuant to the optional and mandatory tender provisions described above by having the Remarketing Agent remarket the tendered [2020/2021 Senior Bonds] and having the proceeds applied to purchase the tendered [2020/2021 Senior Bonds]. See “REMARKETING AGENT.”

Payment of the purchase price for any [2020/2021 Senior Bonds] tendered for purchase and not successfully remarketed is expected to be paid from amounts drawn under the Letter of Credit as described under “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT.” If insufficient funds are available from remarketing proceeds and under the Letter of Credit, the Authority has the option, but no obligation under the Indenture, to pay the shortfall to the Senior Indenture Trustee.

The Indenture provides that if sufficient funds are not available for the purchase of all [2020/2021 Senior Bonds] tendered and required to be purchased on any Purchase Date, all [2020/2021 Senior Bonds] shall bear interest at the lesser of the SIFMA Swap Index plus 3% and the Maximum Interest Rate from the date of such failed purchase until all such [2020/2021 Senior Bonds] are purchased as required in accordance with the Indenture, and that all tendered [2020/2021 Senior Bonds] shall be returned to the respective Owners. Thereafter, the Senior Indenture Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Letter of Credit to purchase all [2020/2021 Senior Bonds] required to be purchased. The Indenture provides that such failed purchase and return shall not constitute an Event of Default.

### **Mechanics and Timing of Optional and Mandatory Tenders**

The mechanics and timing of delivery and payment for [2020/2021 Senior Bonds] tendered for purchase are addressed in the Indenture. See APPENDIX B — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE — THE SENIOR INDENTURE — Mechanics of Optional and Mandatory Tenders.”

## **Mandatory Tender for Authority Purchase of [2020/2021 Senior Bonds] at Election of Authority**

The [2020/2021 Senior Bonds] are also subject to mandatory tender for purchase by the Authority, in whole or in part (in Authorized Denominations), on any date such [2020/2021 Senior Bonds] would be subject to optional redemption (each, an “Optional Purchase Date”) at a purchase price equal to the principal amount of such [2020/2021 Senior Bonds] to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (the “Optional Purchase Price”). In the event that the Authority determines to purchase any [2020/2021 Senior Bonds] on any Optional Purchase Date, the Authority will provide the Senior Indenture Trustee with written notice of such determination at least 35 days prior to the Optional Purchase Date, which notice will specify the Series of [2020/2021 Senior Bonds] and the principal amount of such [2020/2021 Senior Bonds] of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Senior Indenture Trustee receives notice from the Authority of its determination to purchase [2020/2021 Senior Bonds] pursuant the provisions described above, the Senior Indenture Trustee shall give notice to the Owners of the [2020/2021 Senior Bonds] and the Remarketing Agent, in the name of the Authority, of the mandatory tender for purchase such [2020/2021 Senior Bonds], which notice shall be mailed, by first class mail, postage prepaid, not more than 60 nor less than 20 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the [2020/2021 Senior Bonds] and failure to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of such [2020/2021 Senior Bonds] pursuant to the provisions of the Indenture described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of [2020/2021 Senior Bonds] will be governed by arrangements among them, and the Authority and the Senior Indenture Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of [2020/2021 Senior Bonds].

If less than all of the [2020/2021 Senior Bonds] are to be called for mandatory tender at the election of the Authority, the Authority may select the principal amount and maturity of such [2020/2021 Senior Bonds] to be purchased at its sole discretion. If less than all of the [2020/2021 Senior Bonds] maturing by their terms on any one date are to be tendered at any one time, DTC’s practice is to determine by lot the amount of the interest of each DTC Direct Participant in the [2020/2021 Senior Bonds] to be tendered. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.” For purposes of such selection, the [2020/2021 Senior Bonds] shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered. If at the time the Senior Indenture Trustee sends any notice of mandatory tender for purchase of any [2020/2021 Senior Bonds] as described in the preceding paragraph, the Authority has not deposited with the Senior Indenture Trustee an amount sufficient to pay the full Optional Purchase Price of such [2020/2021 Senior Bonds], or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Senior Indenture Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such [2020/2021 Senior Bonds], or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to purchase such [2020/2021 Senior Bonds]. No funds may be drawn on the Letter of Credit to pay the Optional Purchase Price of the [2020/2021 Senior Bonds] on a mandatory tender at the option of the Authority.

Funding for purchases of [2020/2021 Senior Bonds] pursuant to the mandatory tender at the election of the Authority as described under this heading is not in the addressed Letter of Credit described under “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” or in the Authority’s agreements with the Remarketing Agent for [2020/2021 Senior Bonds].



## **[FORWARD DELIVERY BONDS]**

### ***[FORM OF FORWARD DELIVERY DISCLOSURE LANGUAGE – SUBJECT TO REVIEW AND UPDATE IN CONNECTION WITH ANY FORWARD DELIVERY BONDS.]***

[The Authority will enter into a Forward Delivery Bond Purchase Contract, dated the sale date of the [Forward Bonds] (the “Forward Delivery Purchase Agreement”) for the [Forward Bonds] with the underwriters listed on the cover of this Official Statement (the “Underwriters”). Subject to the terms of the Forward Delivery Purchase Agreement, the Authority expects to execute and deliver the [Forward Bonds] on the [Forward Date of Delivery].

The obligation of the Underwriters to purchase the [Forward Bonds] from the Authority is subject to the satisfaction of certain conditions, as outlined in the Forward Delivery Purchase Agreement, on the preliminary closing date ([DATE], 2020/2021) (the “Preliminary Closing Date”) and on the Forward Date of Delivery. The conditions to be satisfied during the period from the date of the Forward Delivery Purchase Agreement to the Preliminary Closing Date are, in general, comparable to those required in connection with bond closings that use a customary period of up to six weeks between sale dates and settlement dates. Because of the longer period between the sale and settlement of the [Forward Bonds], there are certain additional termination rights and settlement conditions that are not generally present in bond sales that do not involve a forward delivery, and those additional rights and conditions are summarized below. All the conditions and termination rights with respect to the sale and settlement of the [Forward Bonds] are set forth in the Forward Delivery Purchase Agreement. The following is a description of certain provisions in the Forward Delivery Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof, a copy of which is available from the Authority and the Underwriters.

BY PLACING AN ORDER WITH THE UNDERWRITERS FOR THE PURCHASE OF THE [FORWARD BONDS], EACH PURCHASER ACKNOWLEDGES AND AGREES THAT THE [FORWARD BONDS] ARE BEING SOLD ON A “FORWARD DELIVERY” BASIS, THAT THE PURCHASER IS OBLIGATED TO ACCEPT DELIVERY OF AND PAY FOR THE [FORWARD BONDS] ON THE [FORWARD DATE OF DELIVERY] SUBJECT TO THE CONDITIONS IN THE FORWARD DELIVERY PURCHASE AGREEMENT, AND THAT EACH PURCHASER WILL SIGN, AND DELIVER TO THE UNDERWRITERS, A FORWARD DELIVERY CONTRACT SUBSTANTIALLY IN THE FORM ATTACHED AS APPENDIX I (A “FORWARD DELIVERY CONTRACT”) AS A CONDITION TO ANY [FORWARD BONDS] BEING ALLOCATED TO SUCH PURCHASER. EACH PURCHASER ACKNOWLEDGES AND AGREES THAT IT WILL REMAIN OBLIGATED TO PURCHASE SUCH [FORWARD BONDS] IN ACCORDANCE WITH THE TERMS OF THE FORWARD DELIVERY CONTRACT, EVEN IF THE PURCHASER DECIDES TO SELL SUCH [FORWARD BONDS] FOLLOWING THE DATE OF PURCHASE, UNLESS THE PURCHASER SELLS SUCH [FORWARD BONDS] TO ANOTHER INSTITUTION WITH THE PRIOR WRITTEN CONSENT OF [UNDERWRITER] (“THE REPRESENTATIVE”), AS THE REPRESENTATIVE OF THE UNDERWRITERS AND SUCH INSTITUTION PROVIDES A WRITTEN ACKNOWLEDGEMENT OF CONFIRMATION OF PURCHASE ORDER AND A FORWARD DELIVERY CONTRACT IN THE SAME RESPECTIVE FORM AS THAT EXECUTED BY THE PURCHASER.

#### **[Forward Date of Delivery]**

The execution and delivery of the [Forward Bonds] and the Underwriters’ obligations under the Forward Delivery Purchase Agreement to purchase, accept delivery of and pay for the [Forward Bonds] on the Forward Date of Delivery are conditioned upon the performance by the Authority of its obligations thereunder, the delivery of certain certificates and legal opinions, including, without limitation, the delivery of an opinion of Bond Counsel for the [Forward Bonds] dated the Forward Date of Delivery, substantially

in the form and to the effect as set forth in Appendix F to this Official Statement and the satisfaction of other conditions as of the Forward Date of Delivery. At any time subsequent to the Closing (as defined in the Forward Delivery Purchase Agreement) but on or prior to the Forward Date of Delivery (the “Forward Delivery Period”), the Underwriters have the right, without liability, to terminate their obligations under the Forward Delivery Purchase Agreement, by notifying the Authority of their election to do so, if at any time on or after Closing and on or prior to the Forward Date of Delivery:

- a) as a result of any Change in Law, Bond Counsel does not expect to be able to issue an opinion on the Forward Date of Delivery either (i) substantially in the form and to the effect set forth in Appendix F hereto or (ii) notwithstanding a Change in Law that prevents Bond Counsel from issuing an opinion substantially in the form and to the effect set forth in Appendix F hereto, that interest on the [Forward Bonds] is not subject to any then currently imposed federal income tax or personal income taxes imposed by the State and is not included as a specific preference item for purposes of the federal alternative minimum tax;
- b) for any other reason, Bond Counsel does not expect to be able to issue an opinion substantially in the form and to the effect set forth in Appendix F hereto;
- c) for any reason, including a Change in Law, the offering, sale or execution and delivery of the [Forward Bonds] or the execution and delivery of the Second Lien Bond Declaration as contemplated herein, in the updated or supplemented Official Statement required by the Forward Delivery Purchase Agreement (the “Updated Official Statement”) and the Forward Delivery Purchase Agreement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect;
- d) an event of default has occurred and is continuing, technical or otherwise, under the Second Lien Bond Declaration or under any document authorizing obligations of the Authority payable from the same source as the [Forward Bonds]; or
- e) any rating of the [Forward Bonds] by a national rating agency then rating the [Forward Bonds] has been withdrawn or suspended.

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. The Authority has agreed in the Forward Delivery Purchase Agreement to deliver the Updated Official Statement not more than 25 days nor less than 10 days prior to the Forward Date of Delivery.

If, on the Forward Date of Delivery, the Authority is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the [Forward Bonds] as set forth in the Forward Delivery Purchase Agreement or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the [Forward Bonds] are terminated for any reason permitted by items (a) through (e) above, the Forward Delivery Purchase Agreement will terminate and neither the Underwriters nor the Authority will be under any further obligation under the Forward Delivery Purchase Agreement.

A “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Forward Date of Delivery), (iii) any law, rule or regulation proposed or enacted by any governmental body,

department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Forward Date of Delivery) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv), would, (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the [Forward Bonds] as provided herein or selling the [Forward Bonds] or beneficial ownership interests therein to the public, or (B) as to the Authority, would make the sale or execution and delivery of the [Forward Bonds] illegal (or have the retroactive effect of making such sale or execution and delivery illegal, if enacted, adopted, passed or finalized) or (C) eliminate the exclusion from gross income of interest paid to the owners of the [Forward Bonds] (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed or finalized); provided, however, that such change in or addition to law, legislation, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued, as the case may be, after the date of the Forward Delivery Purchase Agreement.

If the Change in Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of, interest payable on “state or local bonds,” the Authority may, nonetheless, be able to satisfy the requirements of the delivery of the [Forward Bonds]. In such event, the Underwriters would be obligated to purchase the [Forward Bonds] from the Authority at the offering price and based on the terms established in the Forward Delivery Purchase Agreement, and the purchasers would be required to accept delivery of the purchase [Forward Bonds] from the Underwriters.

The Underwriters have advised the Authority that the [Forward Bonds] will be sold only to purchasers who execute a Forward Delivery Contract. The Authority will not be a party to the Forward Delivery Contracts, and the Authority is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract. See Appendix I – “FORM OF FORWARD DELIVERY CONTRACT.”

THE UNDERWRITERS (AND, IN TURN, THE PURCHASERS OF THE [FORWARD BONDS] FROM THE UNDERWRITERS) MAY NOT REFUSE TO PURCHASE THE [FORWARD BONDS] BY REASON OF “GENERAL MARKET OR CREDIT CHANGES” INCLUDING, BUT NOT LIMITED TO CHANGES IN THE RATING ANTICIPATED TO BE ASSIGNED TO THE [FORWARD BONDS], CHANGES IN THE FINANCIAL CONDITION, OPERATIONS, PERFORMANCE, PROPERTIES OR PROSPECTS OF THE AUTHORITY PRIOR TO THE FORWARD DATE OF DELIVERY, CHANGES IN THE GENERAL LEVEL OF INTEREST RATES OR CHANGES IN VALUE OF THE [FORWARD BONDS] FOR ANY REASON OTHER THAN A FULL ELIMINATION OF TAX EXEMPTION OR FOR ANY OTHER REASON OTHER THAN DESCRIBED BY ITEMS (A) THROUGH (E) ABOVE.

#### **[Additional Risks Related to the Forward Delivery Period]**

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Changes in such information will not permit the Underwriters to terminate the Forward Delivery Purchase Agreement unless the change reflects an event described in items (a) through (e) under “Forward Date of Delivery,” or release the purchasers of their obligation to purchase the [Forward Bonds] except as expressly described in the Forward Delivery Contract.

In addition to the risks set forth above, purchasers of the [Forward Bonds] are subject to certain additional risks, some of which are described below and which will not constitute grounds for purchasers to refuse to accept delivery of and pay for the [Forward Bonds].

Prospective purchasers should consult their investment advisors before making any decision as to the purchase of the [Forward Bonds]. The following discussion, while not setting forth all of the factors that should be considered, contains some of the factors which should be considered, in addition to the other information in this Official Statement, prior to purchasing the [Forward Bonds]. This section is not meant to be comprehensive or definitive, and there may be other risk factors which will become material in the future.

*Opinion of Bond Counsel.* Subject to the additional conditions of settlement described in “Forward Date of Delivery” above, the Forward Delivery Purchase Agreement obligates the Authority to deliver and the Underwriters to acquire the [Forward Bonds] if the Authority delivers the Bond Counsel Opinion. Bond Counsel could be prevented from rendering its opinion on the Forward Date of Delivery with respect to the [Forward Bonds] as a result of (i) changes, proposed changes, or enactment, promulgation or interpretation of federal or State laws, court decisions, regulations, or proposed regulations, or rulings of administrative agencies or (ii) the failure of the Authority to provide closing documents, satisfactory to Bond Counsel, of the type customarily required in connection with the issuance of tax-exempt bonds.

*Rating Risk.* A rating has been assigned to the [Forward Bonds] as described under “RATING.” No assurance can be given that the rating assigned to the [Forward Bonds] as of the Forward Date of Delivery will not be different from those currently assigned to the [Forward Bonds]. Execution and delivery of the [Forward Bonds] and the Underwriters’ obligations under the Forward Delivery Purchase Agreement are not conditioned upon the assignment of any particular rating for the [Forward Bonds] or the maintenance of the initial rating of the [Forward Bonds].

*Market Value Risk.* The market value of the [Forward Bonds] as of the Forward Date of Delivery may be affected by a variety of factors including, without limitation, general market conditions, the rating then assigned to the [Forward Bonds], the financial condition and operations of the Authority, the enactment of new legislation, new court decisions, or the promulgation of new regulations or rulings that might diminish the value of, or otherwise affect, the exclusion of interest on the [Forward Bonds] for purposes of federal income taxation payable on “state or local bonds,” and other laws. The market value of the [Forward Bonds] as of the Forward Date of Delivery could therefore be higher or lower than the price to be paid by the initial purchasers of the [Forward Bonds] and that difference could be substantial. The Underwriters will nevertheless be obligated to take delivery of and pay for the [Forward Bonds] if the conditions in the Forward Delivery Purchase Agreement are satisfied on the Forward Date of Delivery. NEITHER THE AUTHORITY NOR THE UNDERWRITERS MAKE ANY REPRESENTATION AS TO THE EXPECTED MARKET PRICE OF THE [FORWARD BONDS] AS OF THE FORWARD DATE OF DELIVERY. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the [Forward Bonds] as of the Forward Date of Delivery or thereafter or not have a materially adverse impact on any secondary market for the [Forward Bonds].

*Termination of Forward Delivery Purchase Agreement.* The Underwriters may terminate the Forward Delivery Purchase Agreement by notification to the Authority on or prior to the Forward Date of Delivery if any of the events described in items (a) through (e) under “Forward Date of Delivery” occurs. Although the Authority is not aware, as of the date of this Official Statement, of any information that would lead it to believe that it will be unable to satisfy its obligations under the Forward Delivery Purchase Agreement on the Forward Date of Delivery, no assurances can be made that, as of the Forward Date of Delivery: (i) there will have been no Change of Law; (ii) the facts and circumstances that are material to one or more of the required legal opinions will not differ from the facts and circumstances as of Closing, or (iii) that all necessary certifications and representations can or will be delivered and made in connection with the proposed execution and delivery of the [Forward Bonds]. As a consequence of any of the foregoing, one or more of the foregoing legal opinions may not be rendered or one or more of the Forward Date of Delivery conditions in the Forward Delivery Purchase Agreement may not be met, with the possible result that the delivery of the [Forward Bonds] will not occur.

*Secondary Market Risk.* The Underwriters are not obligated to make a secondary market in the [Forward Bonds], and no assurance can be given that a secondary market will exist for the [Forward Bonds] during the Forward Delivery Period. Purchasers of the [Forward Bonds] should assume that the [Forward Bonds] will be illiquid throughout the Forward Delivery Period.]

## **REMARKETING AGENT**

The Authority has entered into a Remarketing Agreement with [Remarketing Agent] with respect to the [2020/2021 Senior Bonds]. The Remarketing Agent undertakes, among other things, to use its best efforts to remarket the [2020/2021 Senior Bonds] that are tendered for purchase. The Authority or the Remarketing Agent may terminate such Remarketing Agreement under the circumstances and in the manner described in the Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority (including any of the [2020/2021 Senior Bonds]).

The Remarketing Agent and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. See “PRACTICES AND PROCEDURES RELATED TO THE [2020/2021 SENIOR BONDS].”

## **PRACTICES AND PROCEDURES RELATED TO THE [2020/2021 SENIOR BONDS]**

The Remarketing Agent has agreed to comply with the Authority’s variable rate demand bond procedures, which are included in the Indenture and described herein.

The Remarketing Agent also has internal practices and procedures pertaining to variable rate demand securities. The resale of [2020/2021 Senior Bonds] and the rates of interest thereon may be affected by those practices and procedures.

***The Remarketing Agent Is Paid by the Authority.*** The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing [2020/2021 Senior Bonds] that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of [2020/2021 Senior Bonds].

***The Remarketing Agent May Be Removed, Resign or Cease Remarketing the [2020/2021 Senior Bonds], Without a Successor Being Named.*** Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

***The Remarketing Agent and the Authority May Purchase [2020/2021 Senior Bonds] for Their Own Accounts.*** The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, has routinely purchased such obligations for its own account in order to achieve a successful remarketing of the obligations (i.e., because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered [2020/2021 Senior Bonds] for its respective account and, if it does so, it may cease doing so at any time without notice. Any cessation of purchases by the Remarketing Agent may result in a failed remarketing and draw on the letter of credit. The Remarketing Agent may also make a market in the [2020/2021 Senior Bonds] it remarks by purchasing and selling such Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in a Series of [2020/2021 Senior Bonds]. The Remarketing Agent may also sell any [2020/2021 Senior Bonds] it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the [2020/2021 Senior Bonds]. The Authority may purchase certain [2020/2021 Senior Bonds] held by the Remarketing Agent. In addition, the Indenture permits the Remarketing Agent to remarket [2020/2021 Senior Bonds] to the Authority as part of the remarketing and interest rate setting process undertaken by the Remarketing Agent. The willingness of the Authority to buy [2020/2021 Senior Bonds] in connection with a remarketing may affect the interest rate determined for such [2020/2021 Senior Bonds]. The Authority's interest in connection with the determining of the interest rate by the Remarketing Agent may differ from the interests of Bondholders other than the Authority. The purchase of [2020/2021 Senior Bonds] by the Remarketing Agent or the Authority may create the appearance that there is greater third party demand for the [2020/2021 Senior Bonds] in the market than is actually the case. The practices described above also may result in fewer [2020/2021 Senior Bonds] being tendered in a remarketing, fewer draws on the Letter of Credit, and lower interest rates on the [2020/2021 Senior Bonds] than would otherwise be the case.

***[2020/2021 Senior Bonds] May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.*** The Remarketing Agent is required by the Remarketing Agreement to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the [2020/2021 Senior Bonds] bearing interest at such rate at par plus accrued interest, if any, on and as of the Rate Determination Date. Such interest rate will reflect, among other factors, the level of market demand for such Series of [2020/2021 Senior Bonds] (including whether the Remarketing Agent or the Authority is willing to purchase such Series of [2020/2021 Senior Bonds] for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to remarket the [2020/2021 Senior Bonds] tendered pursuant to the Indenture. There may or may not be [2020/2021 Senior Bonds] tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any [2020/2021 Senior Bonds] tendered for purchase on such date at par, and the Remarketing Agent may sell [2020/2021 Senior Bonds] at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series of [2020/2021 Senior Bonds] at the remarketing price. In the event a Remarketing Agent or the Authority owns any Series of [2020/2021 Senior Bonds] for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such [2020/2021 Senior Bonds] on any date, including the Rate Determination Date, at a discount to par to some investors which, in the case of the Remarketing Agent, may include the Authority.

***The Ability to Sell the [2020/2021 Senior Bonds] other than through Tender Process May Be Limited.*** The Remarketing Agent and the Authority may buy and sell [2020/2021 Senior Bonds] other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their [2020/2021 Senior Bonds] to do so through the Senior Indenture Trustee with appropriate notice. Thus, investors who purchase the [2020/2021 Senior Bonds], whether in a remarketing or otherwise, should not assume that they will be able to sell their [2020/2021 Senior Bonds] other than by tendering the [2020/2021 Senior Bonds] in accordance with the tender process.

## **THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT**

***[To be Updated/Revised]*** *The following is a summary of provisions of the Letter of Credit to be issued under the Reimbursement Agreement with respect to the [2020/2021 Senior Bonds]. This summary does not purport to be comprehensive. Reference should be made to the forms of the Letter of Credit, which is attached hereto in Appendix H, the Reimbursement Agreement and First Amendment to the Reimbursement Agreement which are available at <https://emma.msrb.org/EA655277-EA512933-EA909093.pdf> and <https://emma.msrb.org/ES1295599-ES1013890-ES1415268.pdf> and the form of Second Amendment to the Reimbursement Agreement, which is attached hereto in Appendix H, for their complete terms. Capitalized terms used under this heading not defined elsewhere in this Official Statement shall have the meanings set forth in the Reimbursement Agreement. For information regarding each Letter of Credit Provider, see “THE LETTER OF CREDIT PROVIDER.”*

### **General**

The Letter of Credit for the [2020/2021 Senior Bonds] (the “Letter of Credit”) will be issued with a stated amount of \$[\_\_\_\_\_] and is provided by [LOC PROVIDER] (“[LOC PROVIDER]”). The Letter of Credit shall be issued pursuant to the Reimbursement Agreement, among the Letter of Credit Provider, the Authority and [BANK AGENT], as agent for the Letter of Credit Provider (the “Bank Agent”). The stated amount of the Letter of Credit comprises the principal amount of the [2020/2021 Senior Bonds] supported thereby and an interest amount that is based upon an assumed rate of interest of [12]% on such principal amount for a period of [34] days using a 365-day year. Under the terms of the Letter of Credit, the Letter of Credit Provider is solely liable for payments thereunder and the Letter of Credit Provider will not be liable for the failure of any other Letter of Credit Provider to perform its obligations under its Letter of Credit, payment of principal of and interest on a Series of [2020/2021 Senior Bonds] and payment of the Purchase Price for [2020/2021 Senior Bonds] tendered for purchase or subject to mandatory purchase in accordance with the Indenture and not remarketed will be made from amounts drawn under the Letter of Credit.

The Letter of Credit supporting the [2020/2021 Senior Bonds] will expire on [\_\_\_\_\_, 20\_\_].

An extension of the Letter of Credit or the substitution of another Credit Support Instrument for the [2020/2021 Senior Bonds] is required by the Indenture until the [2020/2021 Senior Bonds] are retired or changed to bear interest, as permitted by the Indenture, at a Fixed Rate, a Term Rate, a Commercial Paper Rate, or an Index Rate. The scheduled expiration or the termination by the Authority of the Letter of Credit, and the substitution of another Credit Support Instrument, will each result in a mandatory purchase of the [2020/2021 Senior Bonds] supported by the Letter of Credit as explained under “DESCRIPTION OF THE [2020/2021 SENIOR BONDS] — Mandatory Tender Provisions.”

Draws under the Letter of Credit must be made by the Senior Indenture Trustee by written notice to the Letter of Credit Provider. Upon payment by the Letter of Credit Provider, the [2020/2021 Senior Bonds] purchased by such Letter of Credit Provider will be called Credit Provider Bonds or Bank Bonds

and bear interest at the Bank Rate determined pursuant to the Reimbursement Agreement. The Reimbursement Agreement provides for the remarketing of Bank Bonds at the election of the Authority and requires the Authority to redeem any Bank Bond that is not remarketed in five equal quarterly installments beginning on the first Business Day of the twenty-fourth calendar month immediately following the purchase of the Bank Bond by the Letter of Credit Provider. The Indenture requires Credit Provider Bonds of a Series to be remarketed prior to the remarketing of any other [2020/2021 Senior Bonds] of the same Series tendered for purchase or subject to mandatory purchase.

### **Extension, Reduction, Adjustment or Termination of Letter of Credit**

The Letter of Credit supporting the [2020/2021 Senior Bonds] will expire on [\_\_\_\_\_, 20\_\_], unless extended for additional periods by mutual agreement of the Authority and the Letter of Credit Provider. Written request for extension of the Letter of Credit must be received by the Letter of Credit Provider not less than 120 nor more than 150 days preceding the then current relevant expiration date and the Letter of Credit Provider in its sole and absolute discretion shall notify the Authority within 45 days of the its receipt of the Authority's request. If it does not respond to the Authority's request, the Letter of Credit Provider will be deemed to deny such request.

Upon any redemption, defeasance or other payment of all or any portion of the principal amount of [2020/2021 Senior Bonds], the Letter of Credit shall automatically be reduced by the principal amount of the [2020/2021 Senior Bonds] so redeemed, defeased or otherwise paid from the proceeds of a drawing under the Letter of Credit. The interest amount of the Letter of Credit will be adjusted downward by an amount in proportion to the reduction of the commitment as to principal because of the redemption, defeasance or other payment of the [2020/2021 Senior Bonds] or the purchase by the Letter of Credit Provider of the [2020/2021 Senior Bonds] tendered or deemed tendered in accordance with the terms of the Indenture. The stated amount of the Letter of Credit may also be permanently reduced on the business day following the Letter of Credit Provider's receipt from the Senior Indenture Trustee of a reduction certificate in the form attached to the Letter of Credit.

The Letter of Credit will terminate on the close of business of the earliest to occur of on the following: (i) the scheduled expiration date (as such date may be extended from time to time), (ii) the earlier of (A) the date specified by the Senior Indenture Trustee in a certificate delivered to the Letter of Credit Provider as being the date which is five (5) days following the date on which all of a Series of [2020/2021 Senior Bonds] are converted (the "Conversion") to bear interest at a rate other than a daily interest rate or a weekly interest rate or (B) the date on which the Letter of Credit Provider honors a purchase drawing made by the Senior Indenture Trustee in connection with the Conversion, (iii) the date on which the Letter of Credit Provider receives a certificate from the Senior Indenture Trustee certifying that (A) no [2020/2021 Senior Bonds] remain outstanding within the meaning of the Indenture, (B) all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored, or (C) a substitute Credit Support Instrument has been issued to replace the Letter of Credit pursuant to the Indenture, (iv) the date on which the Letter of Credit Provider honors a maturity drawing made by the Senior Indenture Trustee, and (v) the date which is thirty (30) days following receipt by the Senior Indenture Trustee of a written notice from the Letter of Credit Provider specifying the occurrence of an "Event of Default" under the Reimbursement Agreement.

The Authority has agreed in the Reimbursement Agreement that any termination of the Letter of Credit as a result of the provision of an alternate Credit Support Instrument will require, as a condition thereto, that the Authority or the issuer of the alternate Credit Support Instrument, as the case may be, will provide immediately available funds on the date of such termination or provision, which funds will be sufficient to ensure the payment of all amounts due to the Letter of Credit Provider under the



Reimbursement Agreement, the bank fee letter described in the Reimbursement Agreement and the Bank Bonds (if any) owned by the Letter of Credit Provider.

### **Summary of Reimbursement Agreement**

Set forth below is a summary of certain provisions of the Reimbursement Agreement. This summary is qualified in its entirety by reference to the Reimbursement Agreement, a copy of which can be obtained from the Authority.

#### ***Defined Terms***

“Amortization End Date” means, with respect to a Liquidity Advance or Bank Bond, the third (3rd) anniversary of the date such Liquidity Advance was made or Bank Bond was purchased.

“Amortization Payment Date” means, with respect to a Liquidity Advance or Bank Bond, (a) the first Business Day of the twenty-fourth calendar month immediately following the date such Liquidity Advance was made or Bank Bond was purchased and the first Business Day of each third calendar month occurring thereafter prior to the Amortization End Date and (b) the Amortization End Date.

“Debt” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (f) all obligations, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person including, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise), or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part). For purposes of clarification, membership of the Authority in a joint powers authority will not cause the Debt of the joint powers authority to be considered guaranteed by the Authority.

“Event of Insolvency” means the occurrence and continuance of one or more of the following events: (a) the Authority shall (i) voluntarily commence any case or proceeding or file any petition seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it, or seeking to declare a moratorium with respect to any obligations of the Authority under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such case or proceeding or the filing of any such case or petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for itself or for a substantial part of its property, (iv) file an answer admitting the material allegations of a case or petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable or admit in writing its inability to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; (b) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Authority or of a substantial part of the property of the Authority, under any federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Authority or for a substantial part of

the property of the Authority, and such proceeding or petition shall continue undismissed and unstayed for sixty (60) days; or (c) an order or decree for relief shall be entered against the Authority in a court of competent jurisdiction under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors.

“Fitch” means Fitch Inc.

“Liquidity Drawing” means, with respect to a Letter of Credit, a drawing under such Letter of Credit to purchase Bonds (or beneficial interests therein) (i) tendered for purchase at the option of the holder thereof (other than the Authority) in accordance with the terms of the Indenture and for which remarketing proceeds are not available and (ii) tendered or deemed tendered for mandatory purchase in accordance with the terms of the Indenture as a result of the expiration of the Letter of Credit on its scheduled expiration date.

“Majority” means Banks with commitments equal to or greater than sixty-six and two-thirds percent of the aggregate commitments.

“Moody’s” means Moody’s Investors Service, Inc.

“Obligations” means Reimbursement Obligations and all other obligations of the Authority to the Letter of Credit Providers and the Bank Agent arising under or in relation to the Reimbursement Agreement, Bank Bonds, the fee letters (between the Authority and the Letter of Credit Providers and the Bank Agent) and the other Related Documents, including, without limitation, the obligation to pay fees and expenses.

“Person” means any individual, partnership, limited liability company, firm, corporation, association, joint venture, trust or other entity, or any government (or political subdivision or agency, department or instrumentality thereof).

“Reimbursement Obligations” means the obligation of the Authority to reimburse Letter of Credit Providers for drawings under the Letters of Credit to pay the principal of and interest on the Bonds (including the redemption price and purchase price of the Bonds) and to pay the principal of and interest on Liquidity Advances.

“Related Documents” means, collectively, the Reimbursement Agreement, the Bonds (including Bank Bonds), the custodian agreement among the Authority, the Trustee, the Letter of Credit Providers and the Bank Agent, the fee letters between the Authority and the Letter of Credit Providers and the Bank Agent, the Indenture, the Letters of Credit and the Remarketing Agreements.

“S&P” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Incorporated.

“Swap Contract” means any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options or bond index swaps or options or forward payment agreements or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form

of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement.

“Swap Obligation” means any payment obligation of the Authority under any Swap Contract.

### ***Reimbursement of Drawings***

The Authority agrees to reimburse the Letter of Credit Provider for the full amount of any drawing (other than a Liquidity Drawing for which the conditions precedent to a Liquidity Advance are satisfied on the date of such Liquidity Drawing) honored by the Letter of Credit Provider under the Letter of Credit issued by the Letter of Credit Provider immediately following, and on the date of, payment by the Letter of Credit Provider of each such drawing. Subject to the following sentence, if the Authority does not make such reimbursement on such date, each such reimbursement obligation shall bear interest at the rate per annum equal to the “default rate” (as defined in the Reimbursement Agreement) from time to time in effect. If the conditions precedent to a Liquidity Advance are not satisfied on the date of a Liquidity Drawing Authority and the Authority does not make reimbursement of such Liquidity Drawing on the same day, such reimbursement obligation shall bear interest at the rate per annum equal to (i) LIBOR (as defined in the Reimbursement Agreement) for such date plus 0.5% until the next business day; (ii) the “base rate” (as defined in the Reimbursement Agreement) for the period commencing on the business day after the applicable drawing date to and including the ninth day after the applicable drawing date; and (iii) the “default rate” (as defined in the Reimbursement Agreement) for the period commencing on the tenth day after the applicable drawing date.

If the conditions precedent set forth in the Reimbursement Agreement are satisfied at the time of payment by the Letter of Credit Provider of a Liquidity Drawing, such Liquidity Drawing shall constitute an advance (“Liquidity Advance”) by the Letter of Credit Provider to the Authority. Subject to the acceleration of Obligations (including Liquidity Advances) in accordance with the Reimbursement Agreement, each Liquidity Advance shall be repaid in five (5) equal quarterly installments of principal (each, an “Amortization Payment”) payable on each Amortization Payment Date for such Liquidity Advance and with the final Amortization Payment (which shall be equal to all principal of such Liquidity Advance remaining outstanding) being due and payable no later than the Amortization End Date for such Liquidity Advance. A Liquidity Advance shall be prepaid by the Authority (i) on each date on which a Bank Bond purchased with the proceeds of the Liquidity Drawing which gave rise to such Liquidity Advance (a “Related Bank Bond”) is redeemed, defeased or is otherwise paid in accordance with its terms, but only to the extent of the principal amount of the Related Bank Bond so redeemed, defeased or otherwise paid; and (ii) the date of the remarketing of a Related Bank Bond, but only to the extent of the principal amount of such Related Bank Bond that is remarketed. If the Letter of Credit is replaced with a Credit Support Instrument, as a condition precedent to such replacement, the Authority shall, or shall cause the issuer of such Credit Support Instrument to, prepay in full on or prior to the applicable substitution date all outstanding Liquidity Advances derived from Liquidity Drawings made pursuant to the Letter of Credit. If the Letter of Credit is terminated following a drawing thereunder made to purchase Bonds in connection with the conversion of the interest mode of such Bonds to a mode other than a daily rate or a weekly rate, the Authority shall prepay in full on the date of conversion all outstanding Liquidity Advances derived from Liquidity Drawings made pursuant to the Letter of Credit. The Authority may also elect to prepay a Liquidity Advance in whole or in part at any time on any business day, without premium or penalty. The Authority also promises to pay interest on the unpaid principal amount of each Liquidity Advance from the date such Liquidity Advance is made until it is paid in full, at a rate per annum equal to the “bank rate” (defined in the Reimbursement Agreement) from time to time in effect. Any Liquidity Advance and/or interest thereon that is not paid when due shall bear interest at the rate per annum equal to the “default rate” (defined in the Reimbursement Agreement) from time to time in effect.

A Liquidity Drawing shall be converted to a Liquidity Advance only if certain conditions are satisfied including that certain representations and warranties of the Authority set forth in the Reimbursement Agreement are true and correct in all material respects on and as of the date of such Liquidity Advance and that at the time of and immediately after giving effect to such Liquidity Advance, no Event of Default (other than an Event of Default derived from the failure of the Authority to provide a replacement Letter of Credit upon the expiration of the Letter of Credit) shall have occurred and be continuing.

### ***Payment of Other Amounts***

Pursuant to the Reimbursement Agreement, the Authority has agreed to pay certain fees to the Letter of Credit Provider and the Bank Agent, to pay increased costs and compensate the Letter of Credit Provider for loss of return in the event of certain changes in law and to indemnify to the Letter of Credit Provider, the Bank Agent and certain other persons in certain circumstances. The Authority has also agreed to pay, in the manner set forth in the Reimbursement Agreement, interest (or, if interest is already accruing, interest at a higher interest rate) on Liquidity Advances and amounts that are not paid when due.

### ***Representations, Warranties and Covenants***

In connection with the execution and delivery of the Reimbursement Agreement, the Authority has made an extensive number of representations and warranties to the Letter of Credit Provider and the Bank Agent and will covenant to take or do, and to refrain from taking or doing, certain actions.

### ***Events of Default***

The occurrence or existence of any of the following specified events shall each constitute an “Event of Default” under the Reimbursement Agreement:

(a) The Authority shall fail to pay, or cause to be paid, when due (i) the principal of, or interest on, any Liquidity Advance or Bank Bond or reimbursement obligation arising from a drawing under a Letter of Credit (other than a Liquidity Drawing which has become a Liquidity Advance); or (ii) any Obligation (other than an Obligation described in clause (i) immediately above) and, in the case of this clause (ii) only, such failure shall continue unremedied for ten (10) business days or more; or

(b) The Authority shall have declared a moratorium on the payment of, or repudiated, any Obligation or Bond; or

(c) The Authority shall fail to pay, or cause to be paid, when due (whether by scheduled maturity, redemption or otherwise) any Debt or Swap Obligation that is secured by Bridge Toll Revenues, and such failure shall continue after any applicable grace period, or shall have declared a moratorium on the payment of, or repudiated, any such Debt or Swap Obligation; or

(d) Any material provision of any Related Document at any time for any reason ceases to be valid and binding on the Authority in accordance with the terms of such Related Document or is declared or ruled to be null and void by a court or other governmental agency of appropriate jurisdiction; or

(e) An Event of Insolvency shall have occurred; or

(f) The long-term unenhanced ratings (i.e., any rating that is assigned to a Bond (other than a Bank Bond) or any other indebtedness of the Authority senior to or on a parity with the Bonds (other than Bank Bonds) and secured by and payable from Bridge Toll Revenues without regard to the provision of

credit enhancement such as a letter of credit, bond insurance policy or other financial guarantee) of the Bonds or any other indebtedness of the Authority senior to or on a parity with the Bonds and secured by and payable from Bridge Toll Revenues shall be withdrawn or suspended for credit related reasons by any two of Fitch, Moody's and S&P or reduced below "BBB-," "BBB-" and "Baa3," respectively, by any two of Fitch, S&P and Moody's; or

(g) A breach by the Authority of the provisions of, or an event of default by the Authority shall occur and be continuing under, any Related Document (other than the Reimbursement Agreement) and the expiration of any applicable grace period shall have occurred; or

(h) The Authority shall default in the observance or performance of certain covenants or agreements set forth in the Reimbursement Agreement for which no grace or cure period is provided ("No Cure Period Covenants"); or

(i) The Authority shall default in the observance or performance of any covenant or agreement contained in the Reimbursement Agreement (other than the covenant to provide a substitute Credit Support Instrument upon the scheduled expiration of a Letter of Credit ("Letter of Credit Substitution Covenant"), the covenant to provide certain quarterly financial information, the covenant to provide certain swap portfolio information and the No Cure Period Covenants) and such default shall continue for thirty (30) days after written notice of such default shall have been given to the Authority by the Bank Agent; or

(j) Any representation or warranty on the part of the Authority contained in, or incorporated into, the Reimbursement Agreement shall at any time prove to have been untrue in any material respect when made or when reaffirmed, as the case may be;

(k) The existence of the Authority is terminated or the Authority is dissolved; or

(l) One or more judgments or orders for the payment of money in excess of \$35,000,000 in the aggregate and payable from Bridge Toll Revenues and for which insurance proceeds shall not be available (or for which insurance coverage has been denied) shall be rendered against the Authority and such judgment(s) or order(s) shall not be stayed, bonded, vacated, discharged or satisfied for a period of sixty (60) days; or

(m) The Act is repealed, reenacted or amended by legislative or judicial action or any other legislation is enacted, repealed, reenacted or amended, in a manner that could reasonably be expected to result in a material adverse effect on the ability of the Authority to timely perform its obligations under the Related Documents.

### ***Remedies***

In addition to any other remedies in the Reimbursement Agreement or by law or by equity, upon the occurrence and during the continuance of any Event of Default:

(a) Any Letter of Credit Provider may give notice of the occurrence of such Event of Default to the Senior Indenture Trustee thereby causing the Letter of Credit issued by such Letter of Credit Provider to terminate in accordance with its terms;

(b) The Bank Agent may with the consent of the Letter of Credit Provider whose letter of credit supports the Bonds of a Series, and shall at the request of such Letter of Credit Provider, be entitled to proceed to enforce all remedies available, if any, under the Related Documents that apply to that Series of Bonds only and not to other Series of Bonds;

(c) The Bank Agent may with the consent of a Majority of the Banks, and shall at the request of a Majority of the Banks, be entitled to proceed to enforce all remedies available under the Related Documents and under applicable law and in equity, including, but not limited to, the right to seek mandamus; and/or

(d) The Bank Agent shall, at the request of a Majority of the Banks, by notice to the Authority, declare all Obligations (other than Bank Bonds) to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which have been waived by the Authority in the Reimbursement Agreement, provided that upon the occurrence of an Event of Insolvency such acceleration shall automatically occur (unless such automatic acceleration is waived by a Majority of the Banks in writing).

Notwithstanding the foregoing, the remedies set forth in Section (a) and (d) above shall not be available in the case of an Event of Default resulting from a failure of the Authority to comply with Letter of Credit Substitution Covenant.

### **THE LETTER OF CREDIT PROVIDER**

***[To be updated/Revised]** The information contained in this Section has been provided by the Letter of Credit Provider. No representation as to the accuracy or completeness of such information is made by the Authority or the Remarketing Agent. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Letter of Credit Provider since the date hereof, or that the information contained or referred to in this Section is correct as of any time subsequent to its date.*

[Language provided by Letter of Credit Provider].

### **SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS**

#### **Statutory Lien on Bridge Toll Revenues**

Bridge Toll Revenues include all tolls and all other income, including penalties for violations, allocated to the Authority pursuant to the Act derived from the Bridge System and not limited or restricted to a specific purpose. The Act imposes a statutory lien upon all Bridge Toll Revenues in favor of the holders of the Authority's toll bridge revenue bonds and in favor of any provider of credit enhancement for those bonds. The statutory lien is subject to expenditures for operation and maintenance of the Bridges, including toll collection, unless those expenditures are otherwise provided for by statute. See APPENDIX A – "BAY AREA TOLL AUTHORITY – Toll Bridge Revenue Bond Program – *Bridge Toll Revenues*," "THE BRIDGE SYSTEM – Bridge Toll Rates," "THE BRIDGE SYSTEM – Bridge System Operations and Maintenance," "AUTHORITY FINANCIAL AND OPERATING INFORMATION – Operations and Maintenance Fund," and "LITIGATION – Challenges to SB 595 and RM3," APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

#### **Pledge by the State**

Pursuant to Section 30963 of the Act, the State has pledged and agreed with the holders of toll bridge revenue bonds and those parties who may enter into contracts with the Authority pursuant to the Act, that the State will not limit, alter, or restrict the rights vested by the Act in the Authority to finance the toll bridge improvements authorized by the Act. The State has further agreed not to impair the terms of any

agreements made with the holders of the toll bridge revenue bonds and with parties who may enter into contracts with the Authority pursuant to the Act and has pledged and agreed not to impair the rights or remedies of the holders of any toll bridge revenue bonds or any such parties until the toll bridge revenue bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

### **Toll Bridge Revenue Bonds**

Additional toll bridge revenue bonds may be issued in the future as either Senior Obligations or Subordinate Obligations (subject to the requirements of and limitations in the Senior Indenture or the Subordinate Indenture).

The Authority's Senior Bonds (which includes the [2020/2021 Senior Bonds]), together with other obligations payable on a parity with the Senior Bonds, are referred to herein as the "Senior Obligations." Senior Obligations consist of the Senior Bonds and amounts due as regularly scheduled payments under the Authority's Qualified Swap Agreements described in APPENDIX A – "OUTSTANDING AUTHORITY OBLIGATIONS – Qualified Swap Agreements." Senior Obligations also include any amounts due as reimbursement obligations pursuant to the Reimbursement Agreement, dated October 16, 2014, as amended on June 15, 2017 and as further amended on August 1, 2019 (as amended, the "Reimbursement Agreement"), between the Authority and with certain banks and with Bank of America, N.A., as agent for such banks, relating to the issuance of letters of credit securing variable rate demand bonds that are Senior Bonds and for Reserve Facility Costs, which are amounts to repay draws under surety bonds or insurance policies held in the reserve fund for Senior Bonds. Amounts due as reimbursement obligations pursuant to the Reimbursement Agreement relating to the [2020/2021 Senior Bonds] will also constitute Senior Obligations. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" for a summary of certain terms of the Senior Bonds.

The Authority's Subordinate Bonds (which includes the [2020/2021 Subordinate Bonds]), together with other obligations payable on a parity with the Subordinate Bonds, are referred to herein as the "Subordinate Obligations." In addition, if the Authority were to become obligated to make termination payments under the Authority's Qualified Swap Agreements described above, those obligations would be Subordinate Obligations. See APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" for a summary of certain terms of the Subordinate Bonds.

### **Certain Provisions of the Senior Indenture**

The Senior Indenture provides that Senior Obligations are payable from and secured by "Revenue," which consists of tolls paid by vehicles using the seven Bridges in the Bridge System (including income from penalties for toll violations), interest earnings on the Bay Area Toll Account and all other funds held by the Authority, interest earnings on fund balances held under the Senior Indenture, payments received under interest rate swap agreements, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds. Senior Obligations are also secured by and payable from all amounts (including the proceeds of Senior Bonds) held by the Senior Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Senior Bonds). The pledge securing Senior Obligations is irrevocable until all Senior Obligations are no longer outstanding.

***Authority for Issuance of Senior Bonds.*** The Senior Indenture permits Senior Bonds to be issued pursuant to the Act for the purpose of toll bridge program capital improvements and for the purpose of

refunding Senior Bonds and other Senior Obligations, including in accordance with the Refunding Bond Law.

***Transfers of Revenue.*** Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Senior Indenture requires the Authority to transfer to the Senior Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Senior Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Senior Indenture Trustee is required by the Senior Indenture to be deposited in trust in the Bond Fund under the Senior Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Senior Indenture.

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined and provided in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

***Toll Rate Covenants.*** The Authority covenants in the Senior Indenture that it will at all times establish and maintain tolls on the Bridge System at rates sufficient to pay debt service on all Senior Obligations, to pay certain toll operations expenditures (defined in the Senior Indenture as “Category B” maintenance expenditures) and to otherwise comply with the Act.

The Authority also has covenanted in the Senior Indenture to compute coverage ratios specified in the Senior Indenture within ten Business Days after the beginning of each Fiscal Year and to increase tolls if any of the ratios, based on budgeted amounts for such Fiscal Year, is less than the required level. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Covenants of the Authority – Toll Rate Covenants.”

The Authority’s calculations as of the end of Fiscal Year 2019 of historical coverage ratios appear on Schedule 11 at pages 130-31 in the Other Supplementary Information Section of the MTC 2019 CAFR. See APPENDIX A — “AUTHORITY FINANCIAL AND OPERATING INFORMATION - Financial Statements” for a reference to and definition of the MTC 2019 CAFR.

***Additional Bonds Test.*** Additional Senior Obligations may be issued under the Senior Indenture only if at least one of the following is true immediately following the issuance of such additional Senior Obligations:

- (a) the additional Senior Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the



Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Senior Obligations and the Costs of Issuance of such refunding Senior Obligations; (3) interest on all Senior Obligations to be refunded to the date such Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Senior Obligations from the date thereof to the date of payment or redemption of the Senior Obligations to be refunded; or

- (b) the governing board of the Authority determines that one of the following is true: (1) the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of, and including such additional Senior Obligations, will not be less than 1.50:1; or (2) the ratio of (A) Net Revenue projected by the Authority for each of the next three Fiscal Years, including in such projections amounts projected to be received from any adopted toll increase or planned openings of an additional Bridge, to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of, and including such additional Senior Obligations, will not be less than 1.50:1.

The Senior Indenture includes definitions of Net Revenue and Maximum Annual Debt Service and other requirements for the issuance of additional Senior Obligations. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Additional Senior Bonds; Subordinate Obligations.”

Pursuant to the Senior Indenture, at such time as the Authority determines to issue additional Senior Bonds, the Authority shall, in addition to fulfilling the requirements of the Senior Indenture described above, file with the Senior Indenture Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Senior Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements described above have been satisfied; (c) if such additional Senior Bonds are being issued based upon compliance with (b)(1) above, a Certificate of the Authority stating that nothing has come to the attention of the Authority that would lead the Authority to believe that there has been a material adverse change in the operation of the Bay Area Bridges such that Net Revenue for the then current Fiscal Year would be insufficient to meet the debt service coverage requirement set forth in (b)(1) above; (d) the balance in the Reserve Fund will be increased upon receipt of the proceeds of the sale of such additional Senior Bonds, if necessary to an amount at least equal to the Reserve Requirement for all Senior Bonds Outstanding upon issuance of the new Senior Bonds; and (e) an Opinion of Bond Counsel to the effect that the Senior Supplemental Indenture creating such Series of Senior Bonds has been duly authorized by the Authority in accordance with the Senior Indenture and that such Series of Senior Bonds, when duly executed by the Authority and authenticated and delivered by the Senior Indenture Trustee, will be valid and binding obligations of the Authority.

**Reserve Fund.** The Reserve Fund established pursuant to the Senior Indenture is solely for the purpose of paying principal of and interest on the Senior Bonds when due when insufficient moneys for such payment are on deposit in the Principal Account and the Interest Account under the Senior Indenture. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Funds and Accounts – Establishment and Application of the Reserve Fund.”

The balance in the Reserve Fund is required by the Senior Indenture to equal or exceed the “Reserve Requirement” (defined in the Senior Indenture as an amount equal to the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds). The Reserve Requirement for all outstanding Senior Bonds is expected to be \$[ ] upon the issuance of the [2020/2021 Senior Bonds] and the defeasance of the Refunded Bonds (as defined herein). Cash and

investments aggregating the amount of the Reserve Requirement are held in the Reserve Fund in satisfaction of the Reserve Requirement. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – DEFINITIONS.”

The Senior Indenture Trustee is to draw on the Reserve Fund to the extent necessary to fund any shortfall in the Interest Account or the Principal Account. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Senior Indenture Trustee equal to one-twelfth (1/12th) of the initial aggregate amount of the deficiency in the Reserve Fund. See APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Funds and Accounts – Establishment and Application of the Reserve Fund” and “— Funding of the Reserve Fund.”

***Build America Bonds Federal Interest Subsidy Payments.*** The Authority has issued Senior Bonds and Subordinate Bonds as taxable Build America Bonds under, and as defined in, the federal American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. Such payments to the Authority on account of Senior Bonds constitute Revenue under the Senior Indenture. These payments have been reduced as a result of the congressionally-mandated sequestration process, and may continue to be reduced or delayed if federal spending reductions continue as a result of the sequestration or ongoing shutdowns of the federal government occur. See “RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments.” Pursuant to the Senior Indenture, the Authority treats such Subsidy Payments as an offset against interest paid on the Build America Bonds for purposes of the rate covenants and additional bonds tests described above under “Toll Rate Covenants” and “Additional Bonds Test,” and such Subsidy Payments are excluded from Net Revenue for purposes of such covenants and tests.

***Special Obligations.*** The Senior Bonds are special obligations of the Authority payable, as to interest thereon, principal and Purchase Price thereof and redemption premium, if any, upon the redemption of any thereof, solely from Revenue as provided in the Senior Indenture and the Authority is not obligated to pay them except from Revenue. The Senior Bonds do not constitute a debt or liability of the State or of any political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

### **Certain Provisions of the Subordinate Indenture**

The Subordinate Indenture provides that Subordinate Obligations are payable from and secured by a subordinate pledge of the Revenue and other amounts pledged to the Senior Obligations as described above under “Toll Bridge Revenue Bonds” and “Certain Provisions of the Senior Indenture” (other than amounts held in the reserve fund for Senior Bonds, other proceeds of Senior Bonds, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds). In addition, Subordinate Obligations are payable from and secured by interest earnings on fund balances held under the Subordinate Indenture, Subsidy Payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds, and all amounts (including the proceeds of Subordinate Bonds) held by the Subordinate Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Subordinate Bonds). The pledge securing Subordinate Obligations is irrevocable until all Subordinate Obligations are no longer outstanding.

***Authority for Issuance of Subordinate Bonds.*** The Subordinate Indenture permits Subordinate Bonds to be issued pursuant to the Act to finance the construction, improvement and equipping of the Bridge System and for any of the other purposes authorized by the Act, including refunding Senior

Obligations, Subordinate Bonds and other Subordinate Obligations, including in accordance with the Refunding Bond Law.

***Transfers of Revenue.*** Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Subordinate Indenture requires the Authority to transfer to the Subordinate Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Subordinate Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Subordinate Indenture Trustee is required by the Subordinate Indenture to be deposited in trust in the Bond Fund under the Subordinate Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Subordinate Indenture or in the Written Instruction (as defined in the Subordinate Indenture).

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined and provided in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

***Toll Rate Covenants.*** The Authority covenants in the Subordinate Indenture that it will at all times establish and maintain tolls on the Bridge System at rates projected by it to generate sufficient Revenue (as defined in the Subordinate Indenture) to pay, as and when due, amounts due on all Senior Bonds, other Senior Obligations, Subordinate Bonds and other Subordinate Obligations, Maintenance and Operation Expenses, and other obligations of the Authority, and to otherwise comply with the Act.

The Authority also has covenanted in the Subordinate Indenture to compute the debt service coverage ratio specified in the Subordinate Indenture within ten Business Days after the beginning of each Fiscal Year and to take such action as promptly as practicable thereafter (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected debt service coverage ratio for that Fiscal Year to equal or exceed 1.20:1. See APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – THE SUBORDINATE INDENTURE – Covenants of the Authority – Revenue Covenants,” and Schedule 11 at pages 130-31 in the Other Supplementary Information Section of the MTC 2019 CAFR. See APPENDIX A — “AUTHORITY FINANCIAL AND OPERATING INFORMATION - Financial Statements” for a reference to and definition of the MTC 2019 CAFR.

***Additional Bonds Test.*** Additional Subordinate Bonds (or additional Subordinate Obligations payable on a parity with Subordinate Bonds) may be issued under the Subordinate Indenture only if the requirements of (a) or (b) below are met:

- (a) the Subordinate Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Subordinate Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Subordinate Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Subordinate Obligations or Senior Obligations; (3) interest on all Subordinate Obligations or Senior Obligations to be refunded to the date such Subordinate Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Obligations from the date thereof to the date of payment or redemption of the Subordinate Obligations or Senior Obligations to be refunded; or
- (b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service (defined in the Subordinate Indenture to include debt service on all Senior Obligations and Subordinate Obligations), calculated as of the date of sale of, and including, such Subordinate Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of three consecutive Fiscal Years (beginning with the current Fiscal Year or the Fiscal Year after the current Fiscal Year) to (B) Debt Service, calculated as of the date of sale of, and including, such Subordinate Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the third such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Subordinate Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority will take into account amounts projected to be received from any adopted toll increase or increases and any additional Bay Area Bridge or Bridges.

The Subordinate Indenture includes definitions of Available Revenue, Debt Service, and Maximum Annual Debt Service and other requirements for the issuance of additional Subordinate Obligations. See APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE — THE SUBORDINATE INDENTURE — Additional Subordinate Bonds; Subordinate Parity Obligations; Subordinated Obligations.”

Pursuant to the Subordinate Indenture, at such time as the Authority determines to issue additional Subordinate Bonds, the Authority shall, in addition to fulfilling the requirements of the Subordinate Indenture described above, file with the Subordinate Indenture Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Subordinate Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements described above have been satisfied; (c) such amount, in cash or in the form of a Reserve Facility, as shall equal the Reserve Requirement, if any, for such Series of Subordinate Bonds for deposit in the Reserve Fund established pursuant to the Subordinate Indenture; and (d) an Opinion of Bond Counsel to the effect that the Subordinate Supplemental Indenture creating such Series of Subordinate Bonds has been duly executed and delivered by the Authority in accordance with the Subordinate Indenture and that such Series of Subordinate Bonds, when duly executed by the Authority and authenticated and delivered by the Subordinate Indenture Trustee, will be valid and binding obligations of the Authority. See “SUMMARY OF FINANCING PLAN – Additional Bonds Test” below for additional information related to the [2020/2021 Subordinate Bonds].

**Reserve Fund.** Subordinate Bonds may be issued with or without a Reserve Requirement. The Authority will determine at the time of issuance of a series of Subordinate Bonds whether to establish a

Reserve Requirement for that series and the amount of the Reserve Requirement. On the date of issuance of any series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement will be deposited in the Reserve Account established under the Subordinate Indenture for the benefit of those Subordinate Bonds. Alternatively, the Authority may decide to establish a pooled Reserve Requirement for that series of Subordinate Bonds and any one or more subsequently issued series of Subordinate Bonds with the same pooled Reserve Requirement, in which case an amount necessary to bring the amount on deposit in the pooled Reserve Account to such pooled Reserve Requirement will be deposited in the pooled Reserve Account established under the Subordinate Indenture.

[Upon issuance of the [2020/2021 Subordinate Bonds], the Authority will establish with the Subordinate Indenture Trustee under the Subordinate Indenture a Reserve Account solely for the benefit of the [2020/2021 Subordinate Bonds].]

As set forth in the table below, in connection with the issuance of each series of Subordinate Bonds, a Reserve Account has been established which secures only that series of Subordinate Bonds:

### **SUBORDINATE BONDS RESERVE ACCOUNTS**

<b><u>Series of Subordinate Bonds</u></b>	<b><u>Reserve Requirement<sup>(1)</sup></u></b>
2010 Series S-1	\$[67,938,000]
2010 Series S-2	[47,475] <sup>(2)</sup>
2010 Series S-3	[21,325,363]
2017 Series S-7	[56,676,788]
2019 Series S-H	[6,312,000]
2019 Series S-8	[7,731,100]
2019 Series S-9	[1,910,846]

<sup>(1)</sup> Amounts rounded to the nearest dollar. Funded at the maximum annual amount of interest payable for each series of Subordinate Bonds. With the exception of the pooled Reserve Requirement for the 2014 Series S-5 and 2014 Series S-6 Bonds, each Reserve Requirement secures only that respective series of Subordinate Bonds.

<sup>(2)</sup> All but two maturities of the 2010 Series S-2 Bonds were refunded with the proceeds of the 2017 Series S-7 Bonds.

Money in an account in the Reserve Fund shall be used and withdrawn by the Subordinate Indenture Trustee solely for the purpose of paying principal of and interest on the Subordinate Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit with the Subordinate Indenture Trustee. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Subordinate Indenture Trustee equal to one-twelfth (1/12th) of the aggregate amount of the deficiency in the Reserve Fund. See APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE — THE SUBORDINATE INDENTURE — Funds and Accounts — Establishment, Funding and Application of the Reserve Fund; Reserve Accounts.”

***Build America Bonds Federal Interest Subsidy Payments.*** The Authority has issued Senior Bonds and Subordinate Bonds as taxable Build America Bonds under, and as defined in, the Recovery Act. Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. These payments have been reduced as a result of the congressionally-mandated sequestration process, and may continue to be reduced or delayed if federal spending reductions continue as a result of the sequestration or ongoing shutdowns of the federal government occur. See “RISK

FACTORS – Risk of Non-Payment of Direct Subsidy Payments.” Pursuant to the Subordinate Indenture, the Authority treats such subsidy payments as an offset against interest paid on Build America Bonds for purposes of the additional bonds test and the rate covenants described above under “Toll Rate Covenants” and “Additional Bonds Test,” and such Subsidy Payments are excluded from Available Revenue for purposes of such covenants and tests.

***Special Obligations.*** The Subordinate Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Subordinate Indenture, and the Authority is not obligated to pay them except from Revenue. The Subordinate Bonds do not constitute a debt or liability of the State, the Metropolitan Transportation Commission or any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

## SUMMARY OF FINANCING PLAN

***2020/2021 Senior Bonds.*** [The Authority will apply the proceeds from the sale of the [2020/2021 Senior Bonds], [together with other available funds,] to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Senior Lien Basis”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Senior Lien Basis”); (iii) make a deposit in the Reserve Fund under the Senior Indenture; and (iv) pay the costs of issuing the [2020/2021 Senior Bonds].

***2020/2021 Subordinate Bonds.*** [The Authority will apply the proceeds from the sale of the [2020/2021 Subordinate Bonds], [together with other available funds,] to (i) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Senior Bonds Refunded on a Subordinate Lien Basis” and, together with the Senior Bonds Refunded on a Senior Lien Basis, the “Senior Refunded Bonds”); (ii) refund [all] [a portion] of the Authority’s outstanding San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, [20\_\_ Series \_\_] (the “Subordinate Bonds Refunded on a Subordinate Lien Basis” and, together with the Subordinate Bonds Refunded on a Senior Lien Basis, the “Subordinate Refunded Bonds”); (iii) make a deposit in the Reserve Fund under the Subordinate Indenture; and (iv) pay the costs of issuing the [2020/2021 Subordinate Bonds].

Together, the Senior Refunded Bonds and the Subordinate Refunded Bonds are herein referred to as the “Refunded Bonds.” [The Authority expects to make an aggregate cash contribution to the refunding in an amount approximately equal to the interest to be accrued on the Refunded Bonds between the date of delivery of the [2020/2021 Series Bonds] and the respective optional redemption dates of the Refunded Bonds.]

The Authority is issuing [all] [a portion of] the [2020/2021 Senior Bonds] as Additional Senior Bonds under the Senior Indenture. This requires the Authority to certify that the ratio of Available Revenues to Maximum Annual Debt Service (defined in the Senior Indenture to include debt service on all Senior Obligations) following such issuance, based on either an historical basis, using the most recent audited financial statements, or a projections basis, is at least 1.50:1. See “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Additional Bonds Test” above. The projections are the responsibility of and are prepared by Authority management. In connection with the issuance of the [2020/2021 Senior Bonds], the Authority will determine the date that Maximum Annual Debt Service is projected to occur, and reflect such date in its certifications required to be delivered in connection with the issuance of the [2020/2021 Senior Bonds] as Additional Senior Bonds under the Senior Indenture. The Authority customarily revises its projections on an annual basis. For discussion of the projections and related assumptions used by the Authority, see

APPENDIX A – “HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE” and “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants.”

### The Senior Refunded Bonds

The Senior Refunded Bonds of the Series, tenor and maturities set forth below are to be redeemed on the redemption dates and in the amount shown below from amounts held in an escrow fund (the “[2020/2021 Senior Refunded Bonds Escrow Fund]”) established pursuant to an Escrow Agreement by and between the Authority and the Senior Indenture Trustee, as escrow agent. Pursuant to the terms of the Escrow Agreement establishing the [2020/2021 Senior Refunded Bonds Escrow Fund], the amounts on deposit in the [2020/2021 Senior Refunded Bonds Escrow Fund] shall be invested in Government Obligations, the principal and interest on which when due, together with the moneys, if any, remaining on deposit for such purpose, will be sufficient to pay when due the principal of and interest on the Senior Refunded Bonds on the redemption date.

A verification report relating to the adequacy of the maturing principal of and interest on the investments in the [2020/2021 Senior Refunded Bonds Escrow Fund] will be delivered upon the deposit of such funds. See “VERIFICATION REPORTS” herein.

### Senior Refunded Bonds

**Bay Area Toll Authority**  
**San Francisco Bay Area Toll Bridge Revenue Bonds**  
**[20\_\_ Series \_\_]**

<b>Maturity Date (April 1)</b>	<b>Redemption Date</b>	<b>Principal Amount</b>	<b>Interest Rate (%)</b>	<b>CUSIP<sup>†</sup> Number (072024)</b>
20[ ]		\$		
20[ ]				
20[ ]				
20[ ]				
20[ ]				
20[ ]				
20[ ]				

### The Subordinate Refunded Bonds

The Subordinate Refunded Bonds are to be redeemed on the redemption date and in the amount shown below from amounts held in an escrow fund (the “[2020/2021 Subordinate Refunded Bonds Escrow Fund]”) established pursuant to an Escrow Agreement by and between the Authority and the Subordinate Indenture Trustee, as escrow agent. Pursuant to the terms of the Escrow Agreement establishing the [2020/2021 Subordinate Refunded Bonds Escrow Fund], the amounts on deposit in the [2020/2021 Refunded Bonds Escrow Fund] shall be invested in Defeasance Securities, the principal and interest on which when due, together with the moneys, if any, remaining on deposit for such purpose, will be sufficient to pay when due the principal of and interest on the Subordinate Refunded Bonds on the redemption date.

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<sup>†</sup> CUSIP information herein is provided by CUSIP Global Services, managed by Standard and Poor’s Financial Services LLC. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters assume any responsibility for the accuracy of such numbers.

A verification report relating to the adequacy of the maturing principal of and interest on the investments in the [2020/2021 Subordinate Refunded Bonds Escrow Fund] will be delivered upon the deposit of such funds. See “VERIFICATION REPORTS” herein.

**Subordinate Refunded Bonds**  
**Bay Area Toll Authority**  
**San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds**  
**[20\_\_ Series \_\_]**

<b>Maturity Date (April 1)</b>	<b>Redemption Date</b>	<b>Principal Amount</b>	<b>Interest Rate (%)</b>	<b>CUSIP<sup>†</sup> Number (072024)</b>
20[ ]		\$		
20[ ]				
20[ ]				
20[ ]				
20[ ]				
20[ ]				
20[ ]				

**Estimated Sources and Uses of Funds of the [2020/2021 Senior Bonds]**

The following are the estimated sources and uses of funds with respect to the [2020/2021 Senior Bonds]:

**SOURCES:**

[2020/2021 Senior Bond] Proceeds	\$
Other Sources of Funds <sup>(1)</sup> :	
[Authority Deposit]	
<b>TOTAL SOURCES</b>	<u><u>\$</u></u>

**USES:**

[2020/2021 Senior Refunded Bonds Escrow Fund]	\$
[2020/2021 Subordinate Refunded Bonds Escrow Fund]	
Costs of Issuance <sup>(2)</sup>	
<b>TOTAL USES</b>	<u><u>\$</u></u>

<sup>(1)</sup> Includes the deposit of funds with the Senior Indenture Trustee and the Subordinate Indenture Trustee by the Authority.

<sup>(2)</sup> Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; underwriters' discount; fees of the Senior Indenture Trustee for the Senior Refunded Bonds and the [2020/2021 Senior Bonds]; and other miscellaneous expenses and are expected to be paid by the Authority.

<sup>†</sup> CUSIP information herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters assume any responsibility for the accuracy of such numbers.



## Estimated Sources and Uses of Funds of the [2020/2021 Subordinate Bonds]

The following are the estimated sources and uses of funds with respect to the [2020/2021 Subordinate Bonds]:

### SOURCES:

[2020/2021 Subordinate Bond] Proceeds	\$
Other Sources of Funds <sup>(1)</sup> :	
[Authority Deposit]	
[Subordinate Reserve Fund Release]	
<b>TOTAL SOURCES</b>	<u>\$</u>

### USES:

	\$
[2020/2021 Senior Refunded Bonds Escrow Fund]	
[2020/2021 Subordinate Refunded Bonds Escrow Fund]	
[2020/2021 Series S-10 Reserve Account Deposit]	
Costs of Issuance <sup>(2)</sup>	
<b>TOTAL USES</b>	<u>\$</u>

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<sup>(1)</sup> Includes the deposit of funds with the Senior Indenture Trustee and the Subordinate Indenture Trustee by the Authority.

<sup>(2)</sup> Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; underwriters' discount; fees of the Subordinate Indenture Trustee for the Subordinate Refunded Bonds and the [2020/2021 Subordinate Bonds]; and other miscellaneous expenses and are expected to be paid by the Authority.

## Additional Bonds Test

The Authority is issuing [[all/a portion] of the 2020/21 Senior Bonds] [2020/2021 Subordinate Bonds] as refunding bonds. The issuance of refunding bonds does not require any certification as to debt service coverage.

## [2020/2021 Subordinate Bond] Reserve Funds

[Upon issuance of the [2020/2021 Subordinate Bonds], the Authority will establish with the Subordinate Indenture Trustee under the Subordinate Indenture a reserve fund solely for the [2020/2021 Subordinate Bonds] (the "[2020/2021 Series S-10 Bonds Reserve Account]"). The Reserve Requirement for the [2020/2021 Series S-10 Bonds Reserve Account] will be \$[ ] based on maximum annual interest payable on the [2020/2021 Subordinate Bonds], and cash and investments aggregating that amount will be deposited in the [2020/2021 Series S-10 Bonds Reserve Account].

## Anticipated Bond Issuances of the Authority

The Authority has authorized the issuance of refunding Bonds and the termination of existing interest rate swaps and the execution of new interest rate swaps. The Authority's governing board may authorize additional issuances of Senior Bonds or Subordinate Bonds in the future. Toll bridge revenue bonds may be issued on a parity with the outstanding Senior Bonds under the Senior Indenture or as Subordinate Bonds on a parity with the outstanding Subordinate Bonds under the Subordinate Indenture.

Additional toll bridge revenue bonds could be issued for refunding or restructuring purposes authorized by the Refunding Bond Law. Additional toll bridge revenue bonds could also be issued for additional work on the Bridges or other purposes authorized by the Act.

The principal amount of additional toll bridge revenue bonds (and any Senior Obligations or Subordinate Obligations) to be issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on the actual costs of its programs (which are subject to modification by the Authority and by State law) and the resources then available. The Act does not limit the principal amount of Authority obligations that may be issued. The Senior Indenture and the Subordinate Indenture limit the issuance of Senior Bonds, obligations of the Authority that are payable on a parity with the Senior Bonds, Subordinate Bonds, and obligations that are payable on a parity with the Subordinate Bonds. See the information herein and under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants” and “—Additional Bonds Test.”

### **Investment Policies and Portfolio**

For information concerning the Authority’s investment policies and the MTC investment portfolio, which includes funds of the Authority, see APPENDIX A – “AUTHORITY FINANCIAL AND OPERATING INFORMATION.”

### **RISK FACTORS**

The primary source of payment for the Authority’s toll bridge revenue bonds is the Authority’s bridge toll revenues. The level of bridge toll revenues collected at any time is dependent upon the level of traffic on the Bridge System, which, in turn, is related to several factors, including without limitation, the factors indicated below.

#### **Uncertainties of Projections, Forecast and Assumptions**

The levels of traffic assumed and toll revenue projected are based solely upon estimates and assumptions made by the Authority. Actual levels of traffic and toll revenue will differ, and may differ materially, from the levels projected. Actual interest earnings, debt service interest rates, swap revenues and operations and maintenance expenses could also differ from the forecast. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those forecasts, and the variations may be material.

#### **Risk of Earthquake**

The Bay Area’s historical level of seismic activity and the proximity of the Bridge System to a number of significant known earthquake faults (including most notably the San Andreas Fault and the Hayward Fault) increases the likelihood that an earthquake originating in the region could destroy or render unusable for a period of time one or more of the Bridges, their highway approaches or connected traffic corridors, thereby interrupting the collection of bridge toll revenues for an undetermined period of time.

An earthquake originating outside the immediate Bay Area could have an impact on Bridge System operations and bridge toll revenues. On October 17, 1989, the Bay Area experienced the effects of the Loma Prieta earthquake that registered 7.1 on the Richter Scale. The epicenter of the earthquake was located in Loma Prieta about 60 miles south of the City of San Francisco in the Santa Cruz Mountains. The Loma Prieta earthquake caused damage to the east span of the San Francisco-Oakland Bay Bridge and adjacent highways.

On August 24, 2014, a 6.0-magnitude earthquake occurred near Napa, California, the epicenter of which was located approximately 15 miles from the Carquinez and Benicia-Martinez Bridges. The State of California Department of Transportation (“Caltrans”) conducted inspections of the seven bridges of the Bridge System and found no damage from this event.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (the “U.S.G.S”), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled the HayWired Earthquake Scenario, which estimates property damage and direct business disruption losses of \$82 billion (in 2016 dollars) from a magnitude 7.0 earthquake on the Hayward Fault. Such earthquakes may be very destructive. Property within the Bay Area could sustain extensive damage in a major earthquake, Bridges or their highway approach routes could be damaged, destroyed or rendered unusable for a period of time, and a major earthquake could adversely affect the area’s economic activity.

The Seismic Retrofit Program was undertaken to mitigate the risk of major damage to the Bridges due to seismic activity by enhancing the structural integrity of the Bridges to accommodate ground motions along the various identified faults with return periods of between 1,000 and 2,000 years. With the completion of the Seismic Retrofit Program, the need for repairs of this magnitude is expected to be greatly reduced, especially on the San Francisco-Oakland Bay Bridge and the Benicia-Martinez Bridge, both of which have been strengthened to Lifeline Structure criteria. See APPENDIX A – “THE BRIDGE SYSTEM – General” and “CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program.”

### **Other Force Majeure Events**

Operation of the Bridge System and collection of bridge tolls is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, collisions involving maritime vessels, strikes and lockouts, sabotage, wars, blockades and riots. The Authority cannot predict the potential impact of such events on the financial condition of the Authority or on the Authority’s ability to pay the principal of and interest on the Authority’s toll bridge revenue bonds as and when due.

### **Climate Change Issues and Economic Impact of Possible New and Increased Regulation**

In 2006, the California legislature passed Assembly Bill 32, the “California Global Warming Solutions Act of 2006,” which requires the Statewide level of greenhouse gas (“GHG”) emissions to be reduced to 1990 levels by 2020 and directs the California Air Resources Board (“ARB”) to serve as the lead agency to implement the law. On October 20, 2011, the ARB made the final adjustments to its implementation plan for Assembly Bill 32 - the “California Cap-and-Trade Program” or the “Program” - which was implemented and became effective in January 2012. The Program covers regulated entities emitting 25,000 million metric tons of carbon dioxide equivalent per year or more and entities in certain listed industries, including major industrial sources, electricity generating facilities, fuel suppliers, and, since January 1, 2015, fuel distributors. While various studies anticipated that the Program would cause an immediate increase in the price of gasoline, its impacts are difficult to observe due to market fluctuations in the price of gasoline caused by other determinants.

The Program’s effects on economic activity and transportation mode choices in the Bay Area, both of which may impact Bridge toll revenues, are difficult to predict. Further, the Authority is unable to predict if any additional federal, State and local laws and regulations with respect to GHG emissions or other environmental issues will be adopted, or what effects such laws and regulations will have on the underlying

factors that influence vehicle traffic volume on the Bridge System. The effects, while unknown, could be material.

### **Sea Level Rise**

In September 2017, Adapting to Rising Tides (“ART”) released a report on the Bay Area Sea Level Rise Analysis and Mapping Project (the “2017 ART Report”), led by the San Francisco Bay Conservation and Development Commission (“BCDC”), which provides guidance to agencies to help them understand and address complex climate change issues, including the effects of rising sea levels.

The 2017 ART Report highlights areas within each county that may be exposed to sea level rise and flooding impacts in the near term, either due to daily high tides with low to moderate amounts of sea level rise or as a result of significant storm surge events. Two distinct impacts (permanent inundation and temporary flooding) can occur from sea level rise and storm surge or a combination of both. The 2017 ART Report notes that as sea levels rise, San Francisco Bay shoreline and flood protection infrastructure will become increasingly exposed to tide levels currently considered extreme, and over time existing shoreline protection infrastructure will no longer provide the same level of flood protection that it does today. Such shifts in the frequency of extreme tide levels will have important design implications for flood protection infrastructure and for the resilience of valuable shoreline habitats.

Climate change may affect the frequency and intensity of coastal storms, El Niño cycles, and related processes. A clear consensus has not fully emerged on these changes, but a commonly identified trend is a tendency toward increased wind speed and wave height along northern California. This may increase both erosion rates along the ocean beach coast and extreme tide frequency within the Bay. El Niño, storm surge and waves, and for some portions of the San Francisco Bay, freshwater discharge from creeks and sloughs during rainfall-runoff events also elevate the waters of San Francisco Bay along the shoreline. When one or more of these factors combine to raise San Francisco Bay waters above predicted tide levels, the result is a temporarily higher water level, an extreme tide. Extreme tides can reach several feet higher than typical daily high tides and result in damaging coastal floods. Without action, a portion of San Francisco’s current land could be permanently inundated by daily high tides by the end of the century.

Sea level rise is not expected to have an adverse effect on the Bridges themselves. However, the effect on motor vehicle traffic in the Bay Area generally, and particularly on Bridge approaches and access routes, could have an adverse impact on Bridge toll revenues.

### **Threats and Acts of Terrorism**

Caltrans and law enforcement authorities have undertaken security measures in an effort to reduce the probability that the Bridges could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the Bridges. The Authority cannot predict the likelihood of a terrorist attack on any of the Bridges or the extent of damage or vehicle traffic disruption that might result from an attack. The Bridges are not insured against terrorist attack.

### **No Insurance Coverage**

No business interruption insurance or any other commercially available insurance coverage is currently maintained by the Authority or Caltrans with respect to damage to or loss of use of any of the Bridges. However, pursuant to the Cooperative Agreement the Authority currently maintains a self-insurance fund. The Cooperative Agreement calls for a minimum balance of \$50 million, which would be available for reconstruction, repair and operations in the event of damage due to a major emergency which would result in closure to traffic of a Bridge estimated to extend more than 30 days and to exceed \$10

million in cost. Such reserve is maintained pursuant to the Cooperative Agreement and upon agreement of Caltrans and the Authority may be reduced or eliminated in its entirety. Pursuant to the Cooperative Agreement, replenishment of funds used for such repairs would be made by the Authority from bridge toll revenues.

The Authority's fiscal year 2020 budget contemplates a [\$1 billion reserve, including \$50 million in the Cooperative Agreement, \$175 million in the operations and maintenance fund, \$210 million for bridge rehabilitation, \$280 million in project contingency and self-insurance reserves and \$285 million in variable interest rate risk reserves.] See the MTC 2019 CAFR at page 85 and APPENDIX A – "AUTHORITY FINANCIAL AND OPERATING INFORMATION – Cash Reserves" for more information on the reserve. Moreover, the Authority expects that emergency assistance and loans from the federal government would be made available to the State in the event of major damage to the Bridges caused by a major earthquake or other force majeure event.

### **Economic Factors; Increasing Tolls**

A substantial deterioration in the level of economic activity within the Bay Area could have an adverse impact upon the level of bridge toll revenues collected. In addition, the occurrence of any natural catastrophe such as an earthquake may negatively affect the Bay Area economy or traffic using the Bridge System or both. See "Risk of Earthquake" above. Bridge toll revenues may also decline due to traffic interruptions as a result of construction, greater carpooling or use of mass transit, increased costs of gasoline and of operating an automobile, more reliance on telecommuting in lieu of commuting to work, relocation of businesses to suburban locations and similar activities. Recent and future toll increases could have an adverse effect on the level of traffic on the Bridge System and the level of bridge toll revenues collected. Lower traffic levels could result in lower total revenues, even though toll rates might increase. See APPENDIX A – "THE BRIDGE SYSTEM – Toll Setting Authority."

### **Risk of Non-Payment of Direct Subsidy Payments**

A portion of the payments of interest on certain of the Authority's toll bridge revenue bonds is expected to be paid with Build America Bond subsidy payments that the Authority expects to receive from the federal government. The U.S. Treasury may offset any subsidy payment to which the Authority is otherwise entitled against any other liability of the Authority payable to the United States of America, including without limitation withholding or payroll taxes, or other penalties or interest that may be owed at any time to the United States of America. The Code authorizes federal regulations and other guidance to carry out the Build America Bond program, which may reduce the certainty of receipt of subsidy payments by the Authority. Subsidy payments do not constitute full faith and credit obligations of or guarantees by the United States of America, but are to be paid as tax credits by the U.S. Treasury under the Recovery Act. Accordingly, no assurance can be given that the U.S. Treasury will make payment of the subsidy payments in the amounts which the Authority expects to receive, or that such payments will be made in a timely manner. No assurance can be given that Congress will not amend or repeal provisions of the program and thereby affect the payment of subsidy payments. Additionally, no assurance can be given as to the payment of subsidy payments in the event of any shutdown of federal government operations.

The Budget Control Act of 2011 (the "Budget Control Act") provided for increases in the federal debt limit and established procedures designed to reduce the federal budget deficit. The Budget Control Act provided that a failure by Congress to otherwise reduce the deficit would result in sequestration: automatic, generally across-the-board spending reductions. Sequestration became effective March 1, 2013, and resulted in a reduction of the subsidy payments received by the Authority in connection with its Build America Bonds by 8.7% or \$6,161,348 through September 30, 2013. The Bipartisan Budget Act of 2013 extended and made certain modifications to sequestration, but generally did not affect the

reduction of subsidy payments for Build America Bonds. The Federal Fiscal Year (“FFY”) runs from October 1 through the succeeding September 30. Subsidy payments received by the Authority in connection with its Build America Bonds were reduced by 7.2% or \$5,512,430 for FFY 2014, 7.3% or \$5,588,992 for FFY 2015, 6.8% or \$5,206,185 for FFY 2016, 6.9% or \$5,282,746 for FFY 2017, and 6.6% or \$5,053,062 for FFY 2018.

If the Authority fails to comply with the conditions to receiving the subsidy payments throughout the term of the toll bridge revenue bonds designated as Build America Bonds, it may no longer receive such payments and could be subject to a claim for the return of previously received payments. The Authority is obligated to make payments of principal of and interest on its toll bridge revenue bonds without regard to the receipt of subsidy payments.

### **Variable Rate Obligations and Credit Facilities**

Currently, the Authority has Outstanding Senior Bonds that are variable rate demand bonds bearing interest at a Weekly Rate (the “VRDBs”) that are supported by credit facilities (the “Weekly Rate Credit Facilities”), which are scheduled to expire as described in Appendix A. See APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – TABLE 8 – SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS OUTSTANDING SENIOR WEEKLY RATE BONDS.” The [2020/2021 Senior Bonds] will also be issued as VRDBs that are supported by Weekly Rate Credit Facilities.

**Ratings Changes.** Current ratings of the Authority’s VRDBs are in part based on the ratings of the providers of the Weekly Rate Credit Facilities (“VRDB Credit Providers”). The rating agencies could in the future announce changes in outlook, reviews for downgrade, or downgrades, of the ratings of the VRDB Credit Providers and/or the VRDBs. Certain events specified in the Weekly Rate Credit Facilities, including adverse ratings developments with respect to the VRDB Credit Providers or the Authority, could lead to the need for purchases by the VRDB Credit Providers of VRDBs pursuant to the Reimbursement Agreement described in Appendix A, which could result in a substantial increase in the Authority’s debt service-related costs. See APPENDIX A – “OTHER AUTHORITY OBLIGATIONS – Credit Facilities.”

**Acceleration.** The Senior Bonds that are VRDBs are subject to tender at the option of the owners thereof and if not remarketed will be purchased by the applicable VRDB Credit Provider under the applicable Weekly Rate Credit Facility for such VRDBs. Under certain conditions, the reimbursement obligations related to such purchases may be due and payable immediately on a parity basis with the Senior Bonds. The Senior Bonds and Subordinate Bonds are not otherwise subject to acceleration.

**Maximum Interest Rate.** Additionally, the interest rate on the VRDBs fluctuates and could increase up to a maximum rate of 12% per annum or, if there is a failure to remarket, 15% per annum when purchased by a VRDB Credit Provider pursuant to a Weekly Rate Credit Facility.

**Acceleration and Renewal.** Prior to the scheduled expiration dates of any Weekly Rate Credit Facilities, the Authority will evaluate its outstanding debt obligations and determine whether to renew or replace such Weekly Rate Credit Facilities or to restructure its VRDB debt to reduce the need for credit and/or liquidity facilities. The Authority cannot predict the availability or cost of extending or replacing Weekly Rate Credit Facilities in the future or other refinancing strategies that would not require credit support.

### **Remarketing Risk**

As of the date of sale and issuance of the [2020/2021 Series Bonds], the Authority has Senior Bonds outstanding bearing interest at a Term Rate or an Index Rate and that are not supported by a letter of credit

or liquidity facility. These Senior Bonds are subject to mandatory tender on purchase dates ranging from April 1, 20[ ] to April 1, 20[ ]. The Authority expects funds from remarketing these Senior Bonds to be applied to pay the purchase price of such Bonds upon mandatory tender. The Authority is not obligated to provide any other funds for the purchase of such Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay such Bonds upon mandatory tender. If there are insufficient funds to purchase any Bonds at the end of any Term Rate Period or Index Rate Period, the owners of such Bonds will retain such Bonds and such Bonds will bear interest at a Weekly Rate which shall be the Stepped Rate. The Stepped Rate increases over time as the Bonds are unable to be remarketed and may reach 12%. See APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – Outstanding Senior Bonds and Senior Obligations – *Term Rate and Index Rate Bonds*.”

## **Index Determination Risk**

**General Considerations.** The Authority has a substantial amount of obligations and derivative contracts that are based on indices that are determined by third parties, including the SIFMA Swap Index and the LIBOR Index. See APPENDIX A – “OUTSTANDING OBLIGATIONS OF THE AUTHORITY – TABLE 9 – SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS OUTSTANDING SENIOR TERM RATE AND INDEX RATE BONDS” and “– TABLE 11 – QUALIFIED SWAP AGREEMENTS” for a detailed listing. The Authority is not responsible or accountable in any way for the determination of these indices or the procedures used in making those determinations and is not a member of or affiliated in any way with the associations or organizations responsible for determining these indices. The procedures employed in determining these indices may be modified from time to time and the publication of these indices may be delayed or discontinued entirely without any Authority involvement. Also, external market forces may result in the volatility of these indices. Moreover, these indices may be the subject of manipulation, as has been alleged by the Authority in pending litigation. See APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – Qualified Swap Agreements – *LIBOR Litigation*.”

The SIFMA Swap Index and the LIBOR Index are determined by third parties, and the Authority is not responsible or accountable for its determination, the securities used in its determination or the procedures used in its determination. The Authority, the Underwriters, and the Index Agent have no control over the determination, calculation or publication of the SIFMA Swap Index.

**LIBOR Considerations.** On July 27, 2017 the Chief Executive of the UK Financial Conduct Authority (“FCA”) announced that, after the end of 2021, the FCA would no longer use its power to persuade or compel panel banks to submit rate information used to determine LIBOR. It is not clear whether panel banks that currently submit rates in connection with the determination of LIBOR will do so beyond 2021 and, if so, whether the administrator of LIBOR will continue to publish LIBOR beyond 2021. Global regulatory bodies, major banks and others have been developing an adjusted “risk free” rate to replace LIBOR in the various financial markets in which it is used as a reference rate. It is possible that LIBOR and such an alternative rate could both be published for a period of time, which may result in market confusion. It is expected that existing swap contracts will be amended through a multilateral industry “protocol” to replace LIBOR with the alternative rate adopted in the market upon a specific trigger date keyed off of the permanent discontinuance of LIBOR. However, both the Authority and its Qualified Swap Agreement counterparties would have to agree to any such protocol for its amendments to be effective with respect to the Qualified Swap Agreements. In the event that the Authority and/or a Qualified Swap Agreement counterparty fail to amend a Qualified Swap Agreement to refer to the alternative rate adopted in the market, the existing fallbacks for LIBOR under that Qualified Swap Agreement may present significant implementation challenges in the case of a permanent discontinuance of LIBOR. Also, in the event that the Authority and a Qualified Swap Agreement counterparty amend a Qualified Swap Agreement to refer to the alternative rate adopted in the market, that alternative rate may differ, perhaps significantly, from LIBOR.

## **Swap Related Risks**

The Authority has Qualified Swap Agreements of, as of June 30, 20[\_\_\_], a notional amount of \$[\_\_\_\_\_] outstanding with various counterparties pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index (the “Fixed Rate Payer Swaps”). The variable rates received pursuant to such agreements which are LIBOR-based may differ, at times substantially, from the interest rates on the Senior Bonds corresponding to such swap agreements. In addition, if the counterparties to such Qualified Swap Agreements encounter financial difficulties, under certain circumstances payments may not be received from such counterparties or the swap agreements may be terminated requiring, depending on market conditions at the time, termination payments to be made by the Authority. Such termination payments could be substantial and are payable as Subordinate Obligations, on a parity basis with the Subordinate Bonds. Based on the aggregate fair market value of the Fixed Rate Payer Swaps as of June 30, 20[\_\_\_], had all of the Fixed Rate Payer Swaps terminated on such date, the payments due from the Authority would have aggregated approximately \$[\_\_\_\_\_]. For further discussion of the Authority’s Qualified Swap Agreements, see APPENDIX A – “OUTSTANDING AUTHORITY OBLIGATIONS – Qualified Swap Agreements.”

## **Cybersecurity**

The Authority relies on large and complex technology networks, systems, information, and other assets (“Information and Operations Technology”) for efficient operations, provision of services to the public, and collection of tolls and other revenue on its Bridge System. In connection with its delivery of critical services to the public, the Authority’s Information and Operations Technology collects and stores sensitive customer data, including financial information, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees (collectively, “PII”).

The Authority implements physical, technical, and administrative safeguards to protect the operations of its Information and Operations Technology and PII, including measures to comply with applicable requirements of federal and state law, including without limitation Streets and Highways Code Section 31490. Despite implementation of a security program and measures to protect its Information and Operations Technology and PII, the Authority’s network, systems, information and other assets are vulnerable to cybersecurity risks and threats, including those that may result in the compromise of PII, theft or manipulation of information, and operational disruptions and outages, by employees through error or malfeasance, criminal or malicious hackers, terrorists, and hacktivists. Any such security incident, intrusion, or attack could result in unauthorized access to or acquisition of sensitive information or PII, disruptions to the Authority’s operations, including toll collection and financial reporting or other activities, legal claims or proceedings, including but not limited to laws that protect the privacy of personal information, and regulatory inquiries and penalties.

## **State Legislation**

State legislation is introduced from time to time that could affect the finances or operations of the Authority or MTC or both, including, the level and expenditure of tolls. The Authority cannot predict whether any such legislation will be introduced or enacted in future legislative sessions.

## **Voter Initiatives**

In 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of local



governments to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government. Proposition 218 also provides for broad initiative powers to reduce or repeal any local tax, assessment, fee or charge.

In 2010, the voters of the State approved Proposition 26, another constitutional initiative, entitled the “Supermajority Vote to Pass New Taxes and Fees Act” (“Proposition 26”). Proposition 26, among other things, added a definition of “tax” as used in Article XIII A, which contains certain limitations with respect to changes in State statute that results in any taxpayer paying a higher tax, and Article XIII C of the California Constitution. The Authority does not believe that the levy and collection of bridge tolls are taxes subject to the voter approval provisions of Propositions 26 and 218.

In 2017, Senate Bill 595 (“SB 595”) was enacted and authorized a proposed toll increase of up to \$3.00 for the Bridge System, subject to approval of the increase by a majority of voters in the Bay Area. A regional ballot measure, entitled Regional Measure 3 (“RM3”), was placed on the ballot in all nine counties in the Bay Area and, on June 5, 2018, a majority of Bay Area voters approved RM3, including a toll increase of \$3.00 phased in over time. Two suits have been filed asserting, among other claims, that SB 595 is a change in state statute resulting in a higher tax, which would require approval of two-thirds of all members of the State Legislature, and RM3 is a tax which requires two-thirds voter approval under Propositions 26 and 218. The Authority disagrees with plaintiffs’ allegations and characterizations of SB 595 and RM3 and intends to vigorously defend its position. See APPENDIX A – “LITIGATION – Challenges to SB 595 and RM3.”

The Supreme Court of California, in the case of *Bighorn–Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006), also held that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than ad valorem or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership”, including a user fee for a “property related service.” However, the Court also found that the terms “fee” and “charge” in section 3 of Article XIIC may not be subject to a “property related” qualification. The Authority also does not believe that the bridge toll is a “fee” or “charge” as defined in Articles XIID or XIIC. If ultimately found to be applicable to the bridge tolls, the initiative power could be used to rescind or reduce the levy and collection of bridge tolls under Proposition 218. Any attempt by voters to use the initiative provisions under Proposition 218 in a manner which would prevent the payment of debt service on the Authority’s toll bridge revenue bonds arguably violates the Impairment of Contract Clause of the United States Constitution and accordingly should be precluded. The Authority cannot predict the potential financial impact on the financial condition of the Authority and the Authority’s ability to pay the purchase price, principal of and interest on its toll bridge revenue bonds as and when due, as a result of the exercise of the initiative power under Proposition 218.

### **ABSENCE OF MATERIAL LITIGATION**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the [2020/2021 Series Bonds], the application of the proceeds thereof in accordance with the Senior Indenture or the Subordinate Indenture, the collection or application of the Bridge Toll Revenues (except as described in APPENDIX A – “LITIGATION – Challenges to SB 595 and RM3”), or the statutory lien thereon, in any way contesting or affecting the validity or enforceability of the [2020/2021 Series Bonds] or the Senior Indenture or the

Subordinate Bonds, in any way contesting the completeness or accuracy of the Official Statement or the powers of the Authority with respect to the [2020/2021 Series Bonds] or the Senior Indenture or the Subordinate Indenture, or which could, if adversely decided, have a materially adverse impact on the Authority's financial position or the Authority's ability to collect Bridge Toll Revenues (except as described in APPENDIX A – "LITIGATION – Challenges to SB 595 and RM3"). For other litigation involving the Authority, see APPENDIX A – "LITIGATION."

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the [2020/2021 Series Bonds] is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the [2020/2021 Series Bonds] is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the [2020/2021 Series Bonds] is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on the [2020/2021 Series Bonds]. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the [2020/2021 Series Bonds] is less than the amount to be paid at maturity of such [2020/2021 Series Bonds] (excluding amounts stated to be interest and payable at least annually over the term of such [2020/2021 Series Bonds]), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the [2020/2021 Series Bonds] which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the [2020/2021 Series Bonds] is the first price at which a substantial amount of such maturity of the [2020/2021 Series Bonds] is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the [2020/2021 Series Bonds] accrues daily over the term to maturity of such [2020/2021 Series Bonds] on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such [2020/2021 Series Bonds] to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such [2020/2021 Series Bonds]. Beneficial owners of the [2020/2021 Series Bonds] should consult their own tax advisors with respect to the tax consequences of ownership of [2020/2021 Series Bonds] with original issue discount, including the treatment of beneficial owners who do not purchase such [2020/2021 Series Bonds] in the original offering to the public at the first price at which a substantial amount of such [2020/2021 Series Bonds] is sold to the public.

[2020/2021 Series Bonds] purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the [2020/2021 Series Bonds]. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the [2020/2021 Series Bonds] will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the [2020/2021 Series Bonds] being included in gross income for federal income tax purposes, possibly from the date of original issuance of the [2020/2021 Series Bonds]. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the [2020/2021 Series Bonds] may adversely affect the value of, or the tax status of interest on, the [2020/2021 Series Bonds]. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the [2020/2021 Series Bonds] is excluded from gross income for federal income tax purposes and that interest on the [2020/2021 Series Bonds] is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the [2020/2021 Series Bonds] may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the [2020/2021 Series Bonds] to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the [2020/2021 Series Bonds]. Prospective purchasers of the [2020/2021 Series Bonds] should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the [2020/2021 Series Bonds] for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners regarding the tax-exempt status of the [2020/2021 Series Bonds] in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the [2020/2021 Series Bonds] for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect

the market price for, or the marketability of, the [2020/2021 Series Bonds], and may cause the Authority or the beneficial owners to incur significant expense.

## **ERISA CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on employee benefit plans subject to Title I of ERISA (“ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the Plan (as defined herein). Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of an ERISA Plan is considered to be a fiduciary of such ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving (i) the assets of an ERISA Plan, (ii) the assets of a benefit plan that may not be subject to Title I of ERISA but that is a “plan” as defined in, and subject to, Section 4975 of the Code, such as an individual retirement account, and (iii) entities that are deemed to hold “plan assets” of ERISA Plans and “plans” described in the foregoing clauses (i) and (ii) by reason of the investment in such entities by such ERISA Plans or “plans” (collectively, clauses (i), (ii) and (iii) referred to herein as “Plans”). ERISA imposes such prohibited transaction restrictions with respect to transactions involving a Plan and certain persons (referred to as “parties in interest” or “disqualified persons” (each, a “Party in Interest”)) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the requirements relating to fiduciary duties or prohibited transactions under ERISA but may be subject to similar requirements under applicable federal or state law that is materially similar to ERISA (“Similar Law”).

The fiduciary of a Plan that proposes to purchase, hold or dispose of any [2020/2021 Series Bonds] should consider, among other things, whether such purchase, holding or disposition may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest, (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets, or (iv) another transaction that is a prohibited transaction pursuant to ERISA or Section 4975 of the Code. Depending on the identity of the Plan fiduciary making the decision to acquire or hold [2020/2021 Series Bonds] on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption (“PTCE”) 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by “qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain “in-house asset managers”) (collectively, the “Class Exemptions”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries or their affiliates with respect to the “plan assets” of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a [2020/2021 Series Bond], each purchaser will be deemed to have represented and warranted that either (i) no “plan assets” of any Plan have been used to purchase such [2020/2021 Series Bond], or (ii) the Underwriter is not a Party in Interest with respect to the “plan assets” of any Plan used to purchase such [2020/2021 Series Bond], or (iii) the purchase and holding of such [2020/2021 Series Bond] is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to Similar Law) should consult with its legal advisor concerning a purchase of any of the [2020/2021 Series Bonds], and should make a determination as to whether the purchase, holding or disposition of such [2020/2021 Series Bonds] would comply with ERISA or Similar Law, as applicable.

## **LEGAL MATTERS**

The validity of the [2020/2021 Series Bonds] and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will be passed upon for the Authority by its general counsel and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Authority, and for the Underwriters by their counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the Letter of Credit Provider by its counsel, [Letter of Credit Provider Counsel].

## **RATINGS**

### **[2020/2021 Senior Bonds]**

Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch Ratings (“Fitch”) have assigned the short-term ratings to the [2020/2021 Senior Bonds] shown in the SUMMARY OF OFFERING on the inside front cover of this Official Statement. The short-term ratings on the [2020/2021 Senior Bonds] are based upon the Letter of Credit and the short-term ratings of the Letter of Credit Provider.

Moody’s, S&P and Fitch have assigned the long-term ratings to the [2020/2021 Senior Bonds] shown on the SUMMARY OF OFFERING on the inside front cover of this Official Statement. The Moody’s long-term rating is based upon a joint default analysis based on the long-term rating of the Letter of Credit Provider, the rating of the Authority and the structure and legal protections of the transaction. The S&P long-term rating is based upon a joint support analysis of the Authority and the Letter of Credit Provider. The Fitch long-term rating is based upon Fitch’s dual-party pay criteria and will be based jointly on the underlying rating assigned to the [2020/2021 Senior Bonds] by Fitch and the rating assigned to the Letter of Credit Provider.

Moody’s, S&P and Fitch have assigned long-term ratings to the Authority’s Senior Bonds that do not have credit enhancement of “[ ],” “[ ]” and “A[ ]A,” respectively.

### **[2020/2021 Subordinate Bonds]**

Moody’s has assigned a rating of “[ ]” to the [2020/2021 Subordinate Bonds]. S&P has assigned a rating of “[ ]” to the [2020/2021 Subordinate Bonds]. Fitch has assigned a rating of “[ ]” to the [2020/2021 Subordinate Bonds].

## Meaning of Ratings

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such ratings could be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the [2020/2021 Series Bonds].

## UNDERWRITING

The Authority has entered into a Purchase Contract (the "Purchase Contract") with respect to the [2020/2021 Series Bonds] with BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC (collectively, the "Underwriters"). Pursuant to the Purchase Contract, the Underwriters have agreed, subject to conditions, to purchase the [2020/2021 Senior Bonds] for reoffering, at a purchase price of \$[\_\_\_\_\_], which represents the aggregate principal amount of the [2020/2021 Senior Bonds] less an underwriters' discount of \$[\_\_\_\_\_]. Pursuant to the Purchase Contract, the Underwriters have agreed, subject to conditions, to purchase the [2020/2021 Subordinate Bonds] for reoffering, at a purchase price of \$[\_\_\_\_\_], which represents the aggregate principal amount of the [2020/2021 Subordinate Bonds] less an underwriters' discount of \$[\_\_\_\_\_].

The Underwriters will purchase all of the [2020/2021 Senior Bonds] if any are purchased. The Underwriters have agreed to make a public offering of the [2020/2021 Senior Bonds] at the prices or yields shown in the SUMMARY OF OFFERING. The Underwriters will purchase all of the [2020/2021 Subordinate Bonds] if any are purchased. The Underwriters have agreed to make a public offering of the [2020/2021 Subordinate Bonds] at the prices or yields shown in the SUMMARY OF OFFERING.

BofA Securities, Inc., an underwriter of the [2020/2021 Series Bonds], has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the [2020/2021 Series Bonds].

Citigroup Global Markets Inc., an Underwriter of the [2020/2021 Series Bonds], has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the [2020/2021 Series Bonds].

J.P. Morgan Securities LLC ("JPMS"), an Underwriter of the [2020/2021 Series Bonds], has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase [2020/2021 Series Bonds] from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any [2020/2021 Series Bonds] that such firm sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, financing, brokerage and other financial and non-financial services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority (including the Refunded Bonds that are being refunded with the proceeds of the [2020/2021 Series Bonds]).

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **VERIFICATION REPORTS**

Upon deposit of funds with, and purchase of securities by, the Senior Indenture Trustee, as escrow agent with respect to the Senior Refunded Bonds, and by the Subordinate Indenture Trustee, as escrow agent for the Subordinate Refunded Bonds, as applicable, Causey Demgen & Moore P.C., independent certified public accountants, will deliver reports stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the maturing principal of and interest on the investments in the [2020/2021 Senior Refunded Bonds Escrow Fund] and the [2020/2021 Subordinate Refunded Bonds Escrow Fund] and the other moneys in such funds to pay when due the interest on and the maturing principal or redemption price of the Senior Refunded Bonds and the Subordinate Refunded Bonds, as applicable. See “SUMMARY OF FINANCING PLAN” herein.

### **MUNICIPAL ADVISOR**

The Authority has retained PFM Financial Advisors, LLC, San Francisco, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the [2020/2021 Series Bonds]. The Municipal Advisor is an Independent Registered Municipal Advisor under section 15B of the Securities Exchange Act of 1934 and the rules promulgated thereunder by the Securities and Exchange Commission. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

### **RELATIONSHIP OF CERTAIN PARTIES**

MUFG Union Bank, N.A. is the Senior Indenture Trustee under the Senior Indenture pursuant to which the Senior Bonds (which will include the [2020/2021 Senior Bonds]), are issued and outstanding. MUFG Union Bank, N.A. is a party to the Reimbursement Agreement. The Bank of New York Mellon Trust Company, N.A. is the Subordinate Indenture Trustee under the Subordinate Indenture pursuant to which the Subordinate Bonds (which will include the [2020/2021 Subordinate Bonds]) are issued and outstanding. The Bank of New York Mellon has entered into Qualified Swap Agreements with the Authority. The Bank of New York Mellon Trust Company, N.A. and The Bank of New York Mellon are affiliated and are subsidiaries of The Bank of New York Mellon Corporation. Bank of America, N.A. has

entered into Qualified Swap Agreements with the Authority. Bank of America, N.A. is also a party to the Reimbursement Agreement. BofA Securities, Inc. is an underwriter with respect to the [2020/2021 Series Bonds] and is a remarketing agent for some of the Authority's outstanding Senior Bonds. BofA Securities, Inc. and Bank of America, N.A. are affiliated and are subsidiaries of Bank of America Corporation. Citibank, N.A. has entered into Qualified Swap Agreements with the Authority. Citigroup Global Markets Inc. is an underwriter with respect to [2020/2021 Series Bonds] and is a remarketing agent for some of the Authority's outstanding Senior Bonds. Citigroup Global Markets Inc. and Citibank, N.A. are affiliated and are subsidiaries of Citigroup Inc. JPMorgan Chase Bank, National Association has entered into Qualified Swap Agreements with the Authority. J.P. Morgan Securities LLC is an underwriter with respect to the [2020/2021 Series Bonds] and is a remarketing agent for some of the Authority's outstanding Senior Bonds. J.P. Morgan Securities LLC and JPMorgan Chase Bank, National Association are affiliated and are subsidiaries of JPMorgan Chase & Co. Goldman Sachs Mitsui Marine Derivative Products, L.P. has entered into Qualified Swap Agreements with the Authority. Goldman Sachs Mitsui Marine Derivative Products, L.P. and Goldman Sachs & Co. LLC are affiliated and are subsidiaries of The Goldman Sachs Group Inc. Goldman Sachs & Co. LLC is an underwriter with respect to the [2020/2021 Series Bonds] and is a remarketing agent for certain of the Authority's outstanding Senior Bonds. See APPENDIX A – "OUTSTANDING AUTHORITY OBLIGATIONS – Qualified Swap Agreements" and "OTHER AUTHORITY OBLIGATIONS – Credit Facilities."

The Authority's capital improvement projects and related activities, including the sale of the [2020/2021 Senior Bonds], have been made possible, in part, by hiring underwriters, remarketing agents, bond insurers, reserve surety providers, liquidity providers, letter of credit providers, trustees and interest rate swap counterparties to assist the Authority. Certain of these entities or their affiliates have and continue to participate in more than one capacity in financings for, and contractual relationships with, the Authority.

## **CONTINUING DISCLOSURE**

The Authority has covenanted for the benefit of the owners and beneficial owners of certain of its Bonds, including the [2020/2021 Series Bonds], to cause to be provided annual reports to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website ("EMMA") for purposes of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), including its audited financial statements and operating and other information as described in the applicable Continuing Disclosure Agreement. Pursuant to such undertakings, the Authority will provide an annual report through EMMA not later than nine months after the end of each Fiscal Year of the Authority (presently June 30). The form of Continuing Disclosure Agreement for each of the [2020/2021 Series Bonds] is attached as Appendix G hereto.

Fitch issued a new rating of "AA-" on the Subordinate Bonds on May 7, 2018, and the Authority filed notice of that new rating assignment on EMMA more than 10 business days after such date.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Authority and holders of any of the [2020/2021 Series Bonds]. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.



The execution and delivery of this Official Statement by an authorized officer of the Authority has been duly authorized by the Authority.

**BAY AREA TOLL AUTHORITY**

By: /s/ Therese W. McMillan  
Executive Director

## APPENDIX A

### BAY AREA TOLL AUTHORITY

## APPENDIX B

### DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

## APPENDIX C

### DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

**The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Official Statement and in APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE.”**

1. DTC will act as securities depository for the [2020/2021 Series Bonds]. The [2020/2021 Series Bonds] will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered [2020/2021 Series Bond] certificate will be issued for each maturity of each Series of the [2020/2021 Series Bonds], in the aggregate principal amount of such maturity of the [2020/2021 Series Bonds], and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of the [2020/2021 Series Bonds] under the DTC system must be made by or through Direct Participants, which will receive a credit for the [2020/2021 Series Bonds] on DTC’s records. The ownership interest of each actual purchaser of each [2020/2021 Series Bond] (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the [2020/2021 Series Bonds] are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the [2020/2021 Series Bonds], except in the event that use of the book-entry system for the [2020/2021 Series Bonds] is discontinued.

4. To facilitate subsequent transfers, all [2020/2021 Series Bonds] deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of [2020/2021 Series

Bonds] with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the [2020/2021 Series Bonds]; DTC's records reflect only the identity of the Direct Participants to whose accounts such [2020/2021 Series Bonds] are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Authority and the Senior Indenture Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the [2020/2021 Series Bonds].

6. Redemption notices shall be sent to DTC. If less than all of the [2020/2021 Series Bonds] are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the [2020/2021 Series Bonds] unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the [2020/2021 Series Bonds] are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, principal, premium, if any, and interest payments on the [2020/2021 Series Bonds] will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Senior Indenture Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Senior Indenture Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Senior Indenture Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the [2020/2021 Series Bonds] at any time by giving reasonable notice to the Authority, the Senior Indenture Trustee or the Subordinate Indenture Trustee. Under such circumstances, in the event that a successor depository is not obtained, [2020/2021 Series Bonds] are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, [2020/2021 Series Bonds] certificates will be printed and delivered to DTC.

#### **No Assurance Regarding DTC Practices**

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE [2020/2021 SERIES BONDS], AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE [2020/2021 SERIES BONDS] SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE [2020/2021 SERIES BONDS]. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT

WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE [2020/2021 SERIES BONDS] CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the [2020/2021 Series Bonds], as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE AUTHORITY, THE SENIOR INDENTURE TRUSTEE, THE SUBORDINATE INDENTURE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE [2020/2021 SERIES BONDS] TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL [2020/2021 SERIES BONDS] OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE [2020/2021 SERIES BONDS]. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY, THE SENIOR INDENTURE TRUSTEE, THE SUBORDINATE INDENTURE TRUSTEE OR THE UNDERWRITERS THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE [2020/2021 SERIES BONDS] TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

In the event the Authority or the Senior Indenture Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the [2020/2021 Series Bonds], and the Authority does not select another qualified securities depository, the Authority shall deliver one or more [2020/2021 Series Bonds] in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of [2020/2021 Series Bonds] will be governed by the provisions of the Senior Indenture.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL



## APPENDIX F

### PROJECTED DEBT SERVICE SCHEDULE

The table below shows the projected annual debt service requirements<sup>(1)</sup> for all of the Authority's outstanding Senior Bonds (but not including the Senior Refunded Bonds) and Subordinate Bonds (but not including the Subordinate Refunded Bonds) as of the date of issuance of the [2020/2021 Series Bonds] assuming the [2020/2021 Senior Bonds] and [2020/2021 Subordinate Bonds] are issued consistent with the description set forth under "SUMMARY OF FINANCING PLAN" in the forepart of this Official Statement.

<b>Fiscal Year Ending (June 30)</b>	<b>Outstanding Senior Debt Service<sup>(1)</sup></b>	<b>Preliminary [2020/2021 Senior Bonds] Debt Service <sup>(1)</sup></b>	<b>Outstanding Subordinate Debt Service<sup>(1)</sup></b>	<b>Preliminary [2020/2021 Subordinate Bonds] Debt Service <sup>(1)</sup></b>	<b>Outstanding Total Debt Service<sup>(1)</sup></b>
2020	\$	\$	\$	\$	\$
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					

*(Table continued on following page.)*

2054					
2055					
2056					
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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<sup>(1)</sup> [TO BE UPDATED] Reflects actual interest rates for outstanding Fixed Rate Bonds. All variable interest rate bonds are assumed to be in the current rate mode until each series' respective mandatory tender date. Bonds bearing interest in Term mode are projected at actual fixed interest rates. Bonds bearing interest in Index mode, are projected using the Authority's interest rate forecast, which ranges from 2.03% to 2.08%, plus each series' respective fixed spread. Bonds bearing interest in variable interest rate (Weekly Rate) mode, are projected using the Authority's interest rate forecast plus liquidity and remarketing fees estimated to be 1.00%. After the respective mandatory tender dates for each series of bonds bearing interest at Term or Index rates, each such bond is assumed to be in a variable interest rate (Weekly Rate) mode using the Authority's interest rate forecast as described above. All Qualified Swap Arrangements are assumed at the actual fixed interest rates, less a variable rate assumed to be equal to the Authority's interest rate forecast as described above. Except for fiscal year ending June 30, 2020, debt service shown is net of the full 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received approximately \$2.37 million less in Build America Bond subsidy payments than expected for the April 1, 2019 debt service payment; debt service shown for fiscal year ending June 30, 2020 also accounts for a reduction of subsidy payments in the same amounts for October 1, 2019 and April 1, 2020 payments. See "RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments" in the forepart of this Official Statement. This table is not a contract for future debt service, but rather a projection based on assumptions the Authority believes are reasonable. The debt service presented in this table has not been prepared in accordance with the additional bonds requirements of the Senior Indenture or the Subordinate Indenture.

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENTS

APPENDIX H  
FORM OF LETTER OF CREDIT

APPENDIX I

FORM OF FORWARD DELIVERY CONTRACT

**FORM OF APPENDIX A**

**BAY AREA TOLL AUTHORITY**

(FOR BONDS TO BE ISSUED DURING FISCAL YEARS ENDED 2020 AND 2021 AS  
AUTHORIZED BY RESOLUTION NO. 132 <sup>1</sup>)

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<sup>1</sup> All financial and operating data of the Authority in this Form of Appendix A is prepared based on audited financial data for the Fiscal Year Ended 2019. The Authority has authorized updates to Appendix A necessary to provide material, accurate and complete disclosure to investors in connection with the issuance of Bonds under the terms of the Resolution, including updates to the financial and operating data of the Authority following the delivery of audited financial data for the Fiscal Year Ended 2020.

## TABLE OF CONTENTS

	Page
INTRODUCTION.....	A-1
BAY AREA TOLL AUTHORITY .....	A-1
Governance .....	A-1
Toll Bridge Revenue Bond Program .....	A-2
THE BRIDGE SYSTEM .....	A-3
General .....	A-3
The Bridges .....	A-4
Toll Setting Authority .....	A-6
Bridge Toll Collection.....	A-7
Bridge Toll Rates .....	A-8
Motor Vehicle Traffic .....	A-10
Bridge System Operations and Maintenance.....	A-10
Payments to MTC .....	A-11
RELATED ENTITIES .....	A-13
Metropolitan Transportation Commission.....	A-13
Bay Area Infrastructure Financing Authority.....	A-13
AUTHORITY FINANCIAL AND OPERATING INFORMATION .....	A-14
Financial Statements .....	A-14
Cash Reserves .....	A-14
Operations and Maintenance Fund .....	A-14
Cooperative Agreement Self-Insurance Fund .....	A-15
Investment Policy.....	A-15
Investment Portfolio .....	A-16
OUTSTANDING AUTHORITY OBLIGATIONS .....	A-17
Outstanding Senior Bonds and Senior Obligations .....	A-17
Outstanding Subordinate Bonds .....	A-20
Qualified Swap Agreements.....	A-20
OTHER AUTHORITY OBLIGATIONS.....	A-23
Credit Facilities .....	A-23
Further Subordinated Obligations .....	A-24
CalPERS and MTC Retirement Plan.....	A-24
HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE .....	A-26
Historical Revenue and Debt Service Coverage.....	A-26
Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage.....	A-28
CAPITAL PROJECTS AND FUNDING.....	A-31
Bridge Rehabilitation Program.....	A-31
AB 1171 Capital Projects .....	A-31
Seismic Retrofit Program .....	A-31
Regional Measure 1 and Regional Measure 2 Projects .....	A-32
SB 595/Regional Measure 3 Projects .....	A-32
Additional Projects .....	A-32
LITIGATION .....	A-33
General .....	A-33
Class Actions.....	A-33
Challenges to SB 595 and RM3 .....	A-34
LEGISLATION.....	A-35

## **INTRODUCTION**

This Appendix A to the Official Statement contains information concerning the Bay Area Toll Authority (the “Authority” or “BATA”), and certain related entities, and includes descriptions of aspects of the Bridge System, capital projects for the Bridge System and other transit programs, and financial and operating information of the Authority and certain other investment considerations. References herein to “FYE” and “Fiscal Year” refer to, as the context requires, the fiscal year or years ended June 30 for the Metropolitan Transportation Commission (“MTC”) and the Authority. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined in this Appendix A shall have the meaning given in the forepart of this Official Statement.

All of the preliminary financial data for FYE 2019 included herein has been prepared by, and is the responsibility of, the Authority’s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data for FYE 2019. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

## **BAY AREA TOLL AUTHORITY**

The Authority administers the toll revenues from seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (each, a “Bridge” and collectively, the “Bridge System”). See “THE BRIDGE SYSTEM.”

The Authority is a public agency created in 1997 by California law. It operates pursuant to Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 made applicable to the Authority by California Streets and Highways Code Section 30961 (collectively, as amended from time to time, the “Act”). The Act provides the Authority with broad toll-setting authority for the Bridges.

### **Governance**

The governing body of the Authority has the same governing board members as the MTC, which consists of 18 voting members appointed by local agencies and three nonvoting members appointed by state and federal agencies. MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the “Bay Area.” Each commissioner’s term of office is four years or until a successor is appointed. The chair and vice-chair are elected every two years. The current term began on February 10, 2019, and ends on February 9, 2023. The current members and their terms are shown in the table that follows below.



## MTC Commissioners and Authority Members

Member Name	Description of Position	Originally Appointed
<i>Voting Members</i>		
Scott Haggerty, Chair	Alameda County	December 2000
Alfredo Pedroza, Vice Chair	Napa County and Cities	January 2017
Jeannie Bruins	Cities of Santa Clara County	January 2017
Damon Connolly	Marin County and Cities	January 2017
David Cortese	Santa Clara County	February 2007
Carol Dutra-Vernaci	Cities of Alameda County	December 2016
Federal D. Glover	Contra Costa County	December 2006
Anne W. Halsted	San Francisco Bay Conservation and Development Commission	January 2005
Nick Josefowitz	San Francisco Mayor's Appointee	January 2017
Sam Liccardo	San Jose Mayor's Appointee	February 2011
Jake Mackenzie	Sonoma County and Cities	September 2008
Gina Papan	Cities of San Mateo County	February 2019
David Rabbitt	Association of Bay Area Governments	February 2019
Hillary Ronen	City and County of San Francisco	February 2019
Libby Schaaf	Oakland Mayor's Appointee	January 2015
Warren Slocum	San Mateo County	January 2017
James P. Spering	Solano County and Cities	February 1987
Amy R. Worth	Cities of Contra Costa County	February 2007
<i>Non-Voting Members</i>		
James L. Stracner	U.S. Department of Housing and Urban Development	June 2019
Dorene M. Giacomini	U.S. Department of Transportation	August 1995
Tony Tavares	California State Transportation Agency	August 2018

## Toll Bridge Revenue Bond Program

**Bridge Toll Revenues.** As defined in the Indenture, Bridge Toll Revenues consist of toll revenues and all other income allocated to the Authority pursuant to Section 30953 of the Act derived from the Bay Area Bridges and not limited or restricted to a specific purpose, including certain revenues derived from toll increases the California State Legislature (the "State Legislature") has authorized from time to time contingent upon approvals of regional measures by Bay Area voters. See "THE BRIDGE SYSTEM – Bridge Toll Rates," "LITIGATION – Challenges to SB 595 and RM3," APPENDIX B — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE," and APPENDIX C — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

In 2017, Senate Bill 595 ("SB 595") was enacted and imposed a proposed toll increase of up to \$3.00 for the Bridge System, subject to approval of the increase and related expenditure plan by a majority of voters in the Bay Area. A regional ballot measure, entitled Regional Measure 3 ("RM3"), was placed on the ballot in all nine counties in the Bay Area and, on June 5, 2018, a majority of Bay Area voters approved RM3, including a toll increase of \$3.00 phased in over time, with a \$1.00 toll increase on January 1, 2019, a \$1.00 toll increase on January 1, 2022, and a \$1.00 toll increase on January 1, 2025, for

vehicles traveling on the Bridges (collectively, the “SB 595 Toll Increases”). See THE BRIDGE SYSTEM – Bridge Toll Rates – Table 2 Bridge System Total Toll Rates.”

Two suits have been filed challenging the SB 595 Toll Increases (as further defined herein, the “Challenges to SB 595 and RM3”). See “LITIGATION – Challenges to SB 595 and RM3.” Pursuant to Resolution No. 129 adopted by the Authority on December 19, 2018, an escrow account (the “SB 595 Escrow Account”) has been established and is held by MUFG Union Bank, N.A., as escrow agent, for the purpose of depositing proceeds of the SB 595 Toll Increases collected by the Authority while the Challenges to SB 595 and RM3 are pending. The SB 595 Toll Increases will be held in the SB 595 Escrow Account until the Challenges to SB 595 and RM3 reach a final, non-appealable resolution and further action consistent with such final, non-appealable resolutions is taken by the Authority.

**Revenue Bond Program.** From time to time, the Authority has issued Senior Bonds under the Senior Indenture and Subordinate Bonds under the Subordinate Indenture. Upon the expected delivery of the [2020/21 Bonds], the aggregate principal amount of Senior Bonds outstanding is \$[ ] and the aggregate principal amount of Subordinate Bonds outstanding is \$[ ]. See “OUTSTANDING AUTHORITY OBLIGATIONS,” “HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE,” and “OTHER AUTHORITY OBLIGATIONS.”

The Authority has used proceeds of its Senior Bonds and Subordinate Bonds, as well as accumulated Bridge Toll Revenues, to fund a number of significant regional transportation and transit projects and programs, including the seismic retrofit of each of the Bridges in the Bridge System. While some programs are ongoing, the major capital projects currently authorized for Bridge Toll Revenue funding are either complete or nearing completion. The Authority continues to fund costs of operations and maintenance for the Bridge System and to administer the electronic toll collection system for the Bay Area. The Authority also has responsibility to fund budgeted Bridge rehabilitation and undertake Bridge construction and improvement projects as needed. See “CAPITAL PROJECTS AND FUNDING.”

## **THE BRIDGE SYSTEM**

### **General**

The Bridge System consists of the seven bridges described below. The Golden Gate Bridge, which connects San Francisco with Marin County, is not part of the Bridge System, although the Authority does provide electronic toll collection services for the Golden Gate Bridge. The seven bridges of the Bridge System interconnect various communities within the Bay Area and were used for approximately 138 million paid vehicle crossings in the FYE 2019. A map of the Bridge System appears in the prefatory pages of this Official Statement. For selected demographic statistics for the Bay Area, see Table 13 on page 155 of the MTC 2019 CAFR.

California laws enacted starting in 1989 have required the seismic retrofit of each Bridge within the Bridge System (the “Seismic Retrofit Program”). As a result, all seven toll Bridges have been designed and have been retrofitted, at a minimum, to avoid a collapse if the ground motions used to design the projects were to occur at the respective sites. The Seismic Retrofit Program has been implemented using funding from Bridge Toll Revenues, proceeds of Bonds of the Authority, and State and federal funding. The Authority and Caltrans have completed all projects in the Seismic Retrofit Program. See “CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program” in this Appendix A.

The seismic retrofit projects for each of the Bridges were carried out consistent with the design basis and seismic strategy described in the following table. It is possible, however, that the design strategies

employed will not perform to expectations. See “RISK FACTORS – Risk of Earthquake” in the forepart of this Official Statement.

**TABLE 1**  
**TOLL BRIDGE SEISMIC RETROFIT PROJECTS**  
**BRIDGE DESIGN BASIS AND SEISMIC STRATEGY**

<b>Bridge</b>	<b>Design Basis, Seismic Strategy</b>
<b>Antioch</b>	“No Collapse” Strategy Avoid catastrophic failure
<b>Benicia—Martinez</b>	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
<b>Carquinez</b>	Intermediate Strategy Moderate to major damage expected
<b>Dumbarton</b>	Intermediate Strategy Moderate to major damage expected
<b>Richmond—San Rafael</b>	“No Collapse” Strategy Avoid catastrophic failure
<b>San Francisco—Oakland Bay Bridge</b>	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
<b>San Mateo—Hayward</b>	Intermediate Strategy Moderate to major damage expected

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Source: Caltrans.

### **The Bridges**

***San Francisco-Oakland Bay Bridge.*** The San Francisco-Oakland Bay Bridge opened to traffic in 1936 and connects San Francisco with Oakland and neighboring cities and suburban areas. The San Francisco-Oakland Bay Bridge provides the most direct connection between downtown San Francisco and the main transcontinental highways in the Bay Area.

The San Francisco-Oakland Bay Bridge has an overall length of approximately 8.5 miles consisting of two major bridge structures and a connecting tunnel on Yerba Buena Island, which is located at the midpoint of the bridge. The west span of the San Francisco-Oakland Bay Bridge is a double deck structure that consists of two suspension bridges with a common central anchorage and a concrete and steel truss approach spans at the San Francisco end; the length of the west span is 10,300 feet. Each deck has five traffic lanes with westbound traffic on the upper deck and eastbound traffic on the lower deck. Elevated approaches to the bridge carry through-traffic to and from Highway 101 south of San Francisco without use of local San Francisco streets.

Following the 1989 Loma Prieta earthquake that caused a section of the east span of the San Francisco-Oakland Bay Bridge to collapse, it was determined that a seismic retrofit of the west span and approach and the construction of a new east span of the bridge were necessary, and these projects were carried out as part of the Seismic Retrofit Program. The seismic retrofit of the west span was completed in 2004, and a seismic retrofit of the west approach to the bridge was completed in 2009. An approximately 520 foot long viaduct section adjacent to the tunnel on Yerba Buena Island that connects the west span to the east span has been rebuilt.

The new east span, opened in September 2013, is 2.2 miles long and consists of side-by-side decks that transition off Yerba Buena Island, a self-anchored suspension (“SAS”) bridge span, a skyway and an approach/touchdown in Oakland. The SAS bridge span is the world’s longest single tower self-anchored suspension structure, at approximately 2,051 feet long and approximately 525 feet high, matching the tower heights on the west span, with 8-foot diameter foundation piles that are 300 feet deep, three times deeper than the old east span piles. The side-by-side bridge decks each have five lanes plus shoulders. The eastbound deck also carries a 15.5 foot-wide bicycle and pedestrian path. At the eastern terminus, approaches connect through-traffic with Highways 80, 580 and 880. All portions of the old eastern span to be dismantled were removed in September 2018. Existing piers E2 and E19-E22 of the old eastern span were left in place for use as part of a public access facility. See “CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program” in this Appendix A.

***Carquinez Bridge.*** The Carquinez Bridge consists of two parallel spans that cross the Carquinez Strait between the Cities of Vallejo and Crockett and carry Highway 80, linking the Bay Area and Napa and Solano Counties. The spans are 28 miles northeast of San Francisco and 65 miles southwest of Sacramento. The east span is the older of the two bridges and opened in 1958. The east span is a steel through-truss superstructure 3,350 feet long with cantilever spans and carries four lanes of northbound Interstate 80 traffic. A seismic retrofit of the east span was completed in 2002. The west span is a suspension bridge with concrete towers and steel orthotropic box girder decks that opened to traffic in 2003 and carries four lanes of southbound traffic with shoulders and a bicycle and pedestrian path.

***Benicia-Martinez Bridge.*** The Benicia-Martinez Bridge consists of two parallel spans that cross the Carquinez Strait approximately six miles east of the Carquinez Bridge and carry Highway 680. The bridge provides a direct connection from the north bay and Sacramento regions to central and eastern Contra Costa and Alameda and Santa Clara Counties. The bridge corridor is a major interstate route and links Highways 80, 680 and 780. The west span, opened to traffic in 1962, is a 6,215 foot-long, steel deck-truss, with seven 528-foot spans. The west span was originally designed to carry four lanes of traffic (two in each direction) and was subsequently expanded to carry six lanes (three in each direction) in the early 1990s. A seismic retrofit of the west span, consisting of the installation of isolation bearings and strengthening the superstructure and substructure, was completed in 2003. Following the opening of the new east span in 2007 carrying five lanes of northbound traffic, the west span was modified to carry four lanes of southbound traffic with shoulders and a bicycle and pedestrian path. The Bay Area’s first open-road tolling was opened along with the new east span. See “—Bridge Toll Collection—Toll Collection” below. The east span is a segmentally-erected, cast-in-place reinforced lightweight concrete structure that is 8,790 feet long including approaches.

***San Mateo-Hayward Bridge.*** The San Mateo-Hayward Bridge is approximately 17 miles south of the San Francisco-Oakland Bay Bridge, and carries Highway 92 across the San Francisco Bay, connecting Highway 101 and the City of San Mateo on the San Francisco peninsula to Highway 880 and the east shore of the San Francisco Bay in Alameda County, approximately five miles southwest of Hayward. The current bridge was built in 1967 and seismically retrofitted in 2000. The high-level section of the current structure consists of steel orthotropic box girders with a polyester concrete overlay. It is approximately two miles long and carries six lanes of traffic (three in each direction). The low-rise trestle section of the bridge was

widened to carry six lanes of traffic with shoulders as well in 2003. Additional seismic retrofit work was conducted in October 2012 when the bridge was closed for the installation of a new seismic joint and the replacement of a 60-foot span of the bridge deck.

***Richmond-San Rafael Bridge.*** The Richmond-San Rafael Bridge opened to traffic in 1956 and carries Highway 580 across the San Francisco Bay from a point about three miles west of the City of Richmond in Contra Costa County to the Marin County shore three miles southeast of the City of San Rafael. The Richmond-San Rafael Bridge is a double deck structure that is approximately 5.5 miles long and of cantilever-truss construction. Its major spans are 1,070 feet long. The bridge currently carries three lanes (during peak travel times) on the lower eastbound deck after conversion of the previously existing eastbound shoulder in 2018, and two lanes on the upper westbound deck with the previously existing shoulder undergoing conversion into a 10-foot-wide barrier separated pedestrian and bicycle pathway. [The pedestrian and bicycle pathway is expected to open in 2019.] A seismic retrofit of the Richmond-San Rafael Bridge was completed in 2005, which together with other rehabilitation projects included the replacement of bridge deck joints. Work is ongoing to replace the remaining joints, which are located on the westbound upper deck and the eastbound lower deck of the bridge's truss sections.

***Dumbarton Bridge.*** The current Dumbarton Bridge opened in 1982. It carries Highway 84 across the San Francisco Bay and is situated approximately 10 miles south of the San Mateo-Hayward Bridge. The western end of the bridge is five miles northeast of the City of Palo Alto, and the eastern end is five miles west of the City of Newark, midway between the Cities of San Jose and Oakland. The Dumbarton Bridge is a six-lane structure that is 1.6 miles long with a bicycle and pedestrian path. The bridge connects Highway 101 and Palo Alto to Highway 880 in Alameda County. The approach spans are composed of pre-stressed lightweight concrete girders that support a lightweight concrete deck. The center spans are twin steel trapezoidal girders that also support a lightweight concrete deck. A seismic retrofit of the Dumbarton Bridge was completed in May 2013.

***Antioch Bridge.*** Located 25 miles east of the Benicia-Martinez Bridge, the Antioch Bridge carries Highway 160 and is the only northerly highway connection across the San Joaquin River linking east Contra Costa County to the delta communities of Rio Vista and Lodi. In 1978, a 1.8 mile long high-level fixed-span structure replaced the original bridge constructed in 1926. The Antioch Bridge spans the 3,600-foot wide San Joaquin River and extends 4,000 feet onto Sherman Island in Sacramento County to the north and 1,000 feet into Contra Costa County to the south. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders open to pedestrians and bicyclists. A seismic retrofit of the Antioch Bridge was completed in April 2012.

## **Toll Setting Authority**

California law provides the Authority with broad toll setting authority, and requires the Authority to increase the toll rates specified in its adopted toll schedule in order to meet its obligations and covenants under any toll bridge revenue bond resolution or indenture of the Authority for any outstanding toll bridge revenue bonds issued by the Authority and the requirements of bond-related interest rate swap, credit and liquidity agreements. California law further authorizes the Authority to increase the toll rates specified in its adopted toll schedule to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the Bridges. No legislation, consent or approval by any other entity is required for such toll rate increases, nor are they limited in amount or duration. The Authority is required to hold certain public hearings or meetings, and to provide at least 30 days' notice to the State Legislature, before increasing tolls.

As further described herein, the Authority reviews from time to time the need for increases in toll rates for projects that improve the functioning or use of one or more of the Bridges. The State has in the

past, and may in the future, enact additional legislation authorizing toll increases to fund certain projects, including projects that enhance safety, mobility, access or other related benefits in the Bridge System corridor, subject to any conditions the State may choose to specify in such legislation, including voter approval of such increases and expenditures. See “CAPITAL PROJECTS AND FUNDING” and “LITIGATION – Challenges to SB 595 and RM3.”

## **Bridge Toll Collection**

***Toll Collection.*** Tolls on each of the Bridges are currently collected from vehicles crossing in one direction only. The Authority is responsible for processing all toll revenue collections. Currently, the Authority operates both cash and electronic toll collection (“ETC”) lanes on each Bridge. Cash toll payments are collected at each Bridge at toll booths staffed by employees of Caltrans. Tolls are also collected on the Bridges using the FasTrak system, which is an ETC system operated by the Authority. In December 2018, the Authority adopted a plan to convert existing manual toll operations to all electronic tolling (“AET”) through open road tolling (“ORT”), which involves the construction of new overhead gantries and the demolition of toll canopies along with the installation of a new tolling system. The capital cost of implementing the new AET system through ORT is approximately \$55 million, and the Authority expects to pay the costs from rehabilitation capital funds.

***The FasTrak System.*** FasTrak toll devices are read by an overhead antenna in the toll plaza so that customers are able to electronically pay their toll. A driver can obtain a toll device and deposit value into the associated account at a participating retailer, online or by mail, fax, phone or in-person. Toll accounts can be established for individuals and for businesses. Following implementation of ISO 18000-63 (“6C”) ETC protocol in 2019 on all toll roads throughout the State, the Authority began phasing out existing toll devices and distributing 6C protocol tags.

When a vehicle enters any toll lane, the entry light curtain and loops detect the vehicle and a camera takes two images of the front license plate. Then, the overhead antenna reads a tag mounted in the vehicle. As a vehicle exits the lane the exit light curtain and loops detect the vehicle and a camera takes two images of the rear license plate with the vehicle axles electronically classified by the in-ground treadle system. All of the toll system information is sent to a lane specific computer where a transaction is created, the vehicle’s license plate characters are processed, and the customer’s ETC account is charged the proper amount. If a vehicle does not have a toll tag, the system identifies the vehicle as a violator. Later, the system sweeps its records to identify any existing customer account associated with the license plate number; if there is an associated account, the account is simply debited the proper toll amount.

Revenue from the FasTrak ETC system continues to increase relative to cash toll revenue. For the FYE 2019, 72.0% of total toll-paying traffic were FasTrak customers, compared to 70.2% in the FYE 2018. The growth in ETC processing has improved traffic flow on the Bridges but has also been associated with increased processing costs and toll violations. See “—Motor Vehicle Traffic” below and the MTC 2019 CAFR for further discussion of the effect of the FasTrak ETC system on toll-paying traffic.

***Toll Violators.*** Toll violators are drivers that intentionally or inadvertently avoid the payment of tolls. The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue. See “HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE—Historical Revenue and Debt Service Coverage” below.

When a vehicle is identified as having crossed a bridge without paying the toll, a violation notice is sent to the vehicle’s registered owner within 21 days of the toll violation at the address on file with the Department of Motor Vehicles (“DMV”), pursuant to State law. The first notice requests payment for the toll amount and a \$25 penalty. However, the first penalty assessment may in the discretion of the Authority

be waived if the vehicle's registered owner opens a prepaid FasTrak ETC account. If the toll and penalty are not paid in response to the first notice, a second notice is sent for the toll amount plus a \$70 penalty (\$25 penalty plus \$45 late penalty). Failure to respond to the second notice results in additional fees and one or more of the following actions: withholding of the vehicle's registration by the DMV, withholding of tax refunds by the Franchise Tax Board, or referral of the amount due to a collections agency.

Under California law that took effect in January 2019, vehicles must be equipped with temporary license plates securely fastened to the vehicle, and the temporary license plates must be replaced and destroyed upon receipt of permanent license plates. A permanent license plate is usually mailed to the registered owner within approximately three weeks of purchase. As a result of the new temporary license plate requirements, "no plate" vehicle crossings reduced to approximately [ ] million in FYE 2019 from approximately 3.22 million in FYE 2018. The Authority makes no representation about future changes in the number of "no plate" vehicle crossings or related changes in the amount of bridge toll revenues.

***FasTrak Regional Customer Service Center.*** The Authority contracts with Conduent Inc. ("Conduent"), previously known as Xerox State and Local Solutions, Inc. ("Xerox") for the management and operation of the FasTrak Regional Customer Service Center ("CSC"). Operations of the CSC are subject to the terms of a contract that expires on March 28, 2022. Funding for CSC operations is included in the Authority's annual operating budget. The Authority's CSC operations expenses for the FYE 2019 were approximately \$[ ] million.

CSC operations also support use of FasTrak on tolled facilities operated by other agencies, such as the Golden Gate Bridge and high occupancy toll lanes in the Bay Area. The Authority receives reimbursement for related costs from such other agencies. These reimbursement revenues are not revenues of the Authority pledged for the repayment of its Secured Obligations and amounted to approximately \$[ ] million in the FYE 2019.

## **Bridge Toll Rates**

For purposes of the Authority's Senior Indenture and Subordinate Indenture, all tolls charged on the Bridge System are treated as a single revenue source for accounting and administrative purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" and "TOLL SETTING AUTHORITY."

***Historic Toll Rates.*** In 1988, Bay Area voters approved a ballot measure called Regional Measure 1 ("RM1") establishing a uniform toll rate of \$1.00 on all Bridges for toll-paying, two-axle vehicles and higher tolls for all other toll-paying vehicles and authorizing certain Bridge improvements and transit funding. In 2004, Bay Area voters approved a ballot measure called Regional Measure 2 ("RM2") that authorized a toll increase of \$1.00 for all toll-paying vehicles to fund specified projects and transit expansions.

In 1998, a \$1.00 seismic surcharge was imposed by California law on toll-paying vehicles to fund part of the cost of the Seismic Retrofit Program for the Bridge System. The Act was subsequently amended to authorize the Authority to assume responsibility for administering Bridge tolls and seismic funding as well as to increase the amount of the seismic surcharge, and an additional \$1.00 per toll-paying vehicle increase took effect on January 1, 2007.

In January 2010, the Authority approved a general \$1.00 toll increase on all of the Bridges, effective for two-axle vehicles on July 1, 2010 and effective for multi-axle vehicles (which represent about 3% of total traffic) in stages, on July 1, 2011 and July 1, 2012. The increased tolls for multi-axle vehicles are

based on a toll of \$5.00 times the number of axles. Approximately half of the multi-axle increase took effect on July 1, 2011, and the rest of the increase took effect on July 1, 2012.

As of July 1, 2010, the Authority began collecting tolls on the Bridges from high-occupancy vehicles (car pool vehicles and motorcycles) and inherently-low-emission vehicles (such as electric and hybrid cars), which had previously been granted toll-free passage on the Bridges during peak hours. Under the current toll schedule, high-occupancy vehicles and inherently-low-emission vehicles pay a reduced-rate toll of \$3.00 on all Bridges during peak hours, which are from 5 a.m. to 10 a.m. and from 3 p.m. to 7 p.m. weekdays on all Bridges. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours. Commuter buses and vanpool vehicles are permitted to cross the Bridges toll-free at all hours. Toll-free traffic in FYE 2019, was approximately 5.0 million vehicles, representing 3.5% of total traffic. See “—Motor Vehicle Traffic – Table 3 – Total Toll-Paying Motor Vehicle Traffic” below.

*Current Toll Rates.* The following table sets forth the Authority’s adopted toll schedule as of January 1, 2019. See “BAY AREA TOLL AUTHORITY – Toll Bridge Revenue Bond Program - *Bridge Toll Revenues*” and “LITIGATION – Challenges to SB 595 and RM3” herein.

**TABLE 2**  
**BRIDGE SYSTEM TOTAL TOLL RATES<sup>(1)(2)</sup>**  
**(EFFECTIVE DATES)**

Number of Axles Per Vehicle	January 1, 2019 through December 31, 2021	January 1, 2022 through December 31, 2024	Effective January 1, 2025
2 axles <sup>(3)</sup>	\$ 6.00	\$ 7.00	\$ 8.00
3 axles	16.00	17.00	18.00
4 axles	21.00	22.00	23.00
5 axles	26.00	27.00	28.00
6 axles	31.00	32.00	33.00
7 axles or more	36.00	37.00	38.00

<sup>(1)</sup> Tolls as established under BATA Resolution No. 128, Attachment A – Authority Toll Schedule for Toll Bridges (Effective January 1, 2019). Includes SB 595 Toll Increases, which pursuant to Resolution No. 129, are deposited by the Authority into the SB 595 Escrow Account and held until the Challenges to SB 595 and RM3 reach a final, non-appealable resolution and further action consistent with such final, non-appealable resolutions is taken by the Authority. See “BAY AREA TOLL AUTHORITY – Toll Bridge Revenue Bond Program - *Bridge Toll Revenues*” and “LITIGATION – Challenges to SB 595 and RM3” herein. See “BAY AREA TOLL AUTHORITY – Toll Bridge Revenue Bond Program - *Bridge Toll Revenues*.”

<sup>(2)</sup> During peak hours on all Bridges, a reduced-rate toll of \$3.00 will be collected on high-occupancy and inherently-low-emission two-axle vehicles.

<sup>(3)</sup> On the San Francisco-Oakland Bay Bridge, a weekday toll of \$7.00 will be collected on all two-axle vehicles during peak hours, a weekday toll of \$5.00 will be collected on all two-axle vehicles during non-peak hours, and a weekend toll of \$6.00 will be collected on all two-axle vehicles. Effective January 1, 2022, a weekday toll of \$8.00 will be collected on all two-axle vehicles during peak hours, a weekday toll of \$6.00 will be collected on all two-axle vehicles during non-peak hours, and a weekend toll of \$7.00 will be collected on all two-axle vehicles. Effective January 1, 2025, a weekday toll of \$9.00 will be collected on all two-axle vehicles during peak hours, a weekday toll of \$7.00 will be collected on all two-axle vehicles during non-peak hours, and a weekend toll of \$8.00 will be collected on all two-axle vehicles. As required under SB 595, a discount on the portion of the SB 595 Toll Increase will be available for two-axle vehicles crossing more than one bridge on the same calendar day during peak hours. The Authority does not expect such discount to have a material effect on Bridge Toll Revenues.

**The projections in Appendix A, including those shown in Table 15 herein, exclude any Bridge Toll Revenues resulting from the SB 595 Toll Increases.** See “HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE – Projected Revenue, Operations & Maintenance



Expenses and Debt Service Coverage – Table 15 Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage” and “LITIGATION – Challenges to SB 595 and RM3.”

## Motor Vehicle Traffic

The following table sets forth total toll-paying motor vehicle traffic for FYE 2010 through 2019. As shown below, total toll-paying traffic for the FYE 2019 was approximately 138 million vehicles, which represents an decrease of approximately 0.01% over the FYE 2018.

**TABLE 3**  
**TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC<sup>(1)</sup>**  
**(number of vehicles in thousands)**

FYE	San Francisco-Oakland Bay Bridge	Carquinez Bridge	Benicia-Martinez Bridge	San Mateo-Hayward Bridge	Richmond-San Rafael Bridge	Dumbarton Bridge	Antioch Bridge	Total <sup>(2)</sup>	Percent Change
2010 <sup>(3)</sup>	38,649	19,057	17,715	14,058	11,752	8,746	2,136	112,113	(0.9)
2011 <sup>(4)</sup>	43,282	19,593	17,987	15,209	11,987	9,634	2,118	119,810	6.9 <sup>(4)</sup>
2012	43,382	19,613	17,908	16,016	12,320	9,777	2,124	121,140	1.1
2013	43,872	19,685	18,101	16,426	12,558	10,010	2,078	122,730	1.3
2014	44,037	19,856	18,791	17,434	13,309	10,712	2,142	126,281	2.9
2015	45,535	20,529	19,586	17,902	13,914	11,379	2,289	131,134	3.8
2016	46,038	21,241	20,637	19,079	14,267	11,648	2,346	135,256	3.1
2017	45,979	21,516	21,043	19,404	14,450	11,767	2,655	136,814	1.2
2018	46,042	21,997	21,156	19,701	14,600	11,868	2,938	138,302	1.1
2019	45,761	22,023	21,192	19,732	14,454	12,004	3,118	138,284	0.0

<sup>(1)</sup> Traffic figures exclude toll violators. See “THE BRIDGE SYSTEM—Bridge Toll Collection—Toll Violators” above.

<sup>(2)</sup> Totals may not add due to rounding.

<sup>(3)</sup> Until July 1, 2010, high-occupancy vehicles and inherently-low-emission vehicles were permitted toll-free passage on the Bridges during peak hours on weekdays, and as a result such traffic is excluded from the data below for Fiscal Years prior to FYE 2011. See Table 9 on page 151 of the MTC 2019 CAFR.

<sup>(4)</sup> The addition of toll-paying high-occupancy vehicles and inherently-low-emission vehicles accounts for most of the increase in toll-paying traffic on six Bridges in the FYE 2011.

Source: The Authority.

## Bridge System Operations and Maintenance

The Authority is responsible for paying all of the costs of operating and maintaining the Bridge System. As described below under “CAPITAL PROJECTS AND FUNDING – Seismic Retrofit Program,” the Authority is in the process of closing out certain contracts related to the seismic retrofit of the San Francisco-Oakland Bay Bridge. The Authority expects the full inclusion of operating maintenance expenses associated with the San Francisco-Oakland Bay Bridge to occur during FYE 2021.

The Authority is required by the Senior Indenture and the Subordinate Indenture to maintain Bridge System tolls at rates sufficient to pay such costs. Under current law, the payment of such costs (other than certain Caltrans expenses) is subordinate to the payment of the Authority’s Bonds and other Secured Obligations, unless those costs are otherwise provided for by statute.

The Authority’s operations and maintenance expenses include both payments to Caltrans and direct Authority expenses. Caltrans is responsible for maintaining the Bridge System in good repair and condition. The Authority’s payments to Caltrans are made pursuant to State law and a Cooperative Agreement between the Authority and Caltrans, which may be amended from time to time, that addresses budget matters and

allocates responsibilities for the operation and maintenance of the Bridge System between the Authority and Caltrans.

The Authority is responsible for all toll collection, both electronic and cash, including in-lane toll equipment, cash collection equipment, electronic toll collection administration, banking, finance and audits. The Authority's costs of operating and maintaining the Bridge System for FYE 2015 through 2019 are set out on the following table.

**TABLE 4**  
**HISTORICAL OPERATING EXPENSES**  
**(\$ in millions)**

<b>FYE</b>	<b>Authority Operating Expenses</b>	<b>Caltrans Operating Expenses</b>	<b>TJPA Expenses<sup>(3)</sup></b>	<b>Total<sup>(4)(5)</sup></b>
2015 <sup>(1)</sup>	\$76.8	\$26.9	\$3.6	\$107.5
2016 <sup>(2)</sup>	48.9	26.4	3.8	79.1
2017 <sup>(2)</sup>	52.2	25.0	4.7	81.9
2018 <sup>(2)</sup>	61.8	25.5	4.8	92.1
2019 <sup>(2)</sup>	67.3	26.6	5.0	98.9

(1) The operations and maintenance costs for the Bridge System in the FYE 2015 can be attributed primarily to certain planned, project-based payments, including the development of the new MTC Express Lanes, the implementation of all-electronic tolling on the Golden Gate Bridge, a major purchase of toll tag supplies, and consultant and audit costs.

(2) **[Subject to Review/Update]** The information presented for FYE 2016 through FYE 2018 differs from the audited financial results due to the reclassification of certain expenses from maintenance and operating expenses to capital expenses.

(3) As required by Section 30914(b) of the Act, MTC shall allocate toll bridge revenues, which are payable from funds transferred by the Authority, in an amount not to exceed \$3 million, plus a 3.5% annual increase for operation and maintenance expenditures related to Transbay Joint Powers Authority ("TJPA") and the Transbay Terminal Building. The transfer of funds is subordinate to any obligations of the Authority, such as the Authority's Bonds and other Secured Obligations, having a statutory or first priority lien against the toll bridge revenues. The transfer is further subject to annual certification by TJPA that the total Transbay Terminal Building operating revenue is insufficient to pay the cost of operation and maintenance without the requested funding.

(4) The historical operating expenses for FYE 2015 through 2019 reflect gross operating and maintenance expenses without factoring in reimbursements received from Caltrans and other operating agencies. In FYE 2016, FYE 2017, FYE 2018 and FYE 2019, the Authority received approximately \$8.9 million, \$9.5 million, \$9.7 million, and \$9.3 million respectively, in reimbursements from other operating agencies, resulting in net operating and maintenance expenses of approximately \$70.2 million, \$72.4 million, \$82.4 million, and \$89.6 million, respectively. See "HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE – Historical Revenue and Debt Service Coverage – Table 14 Bridge System Historical Revenue and Debt Service Coverage."

(5) Totals may not add due to rounding.

Source: The Authority.

## **Payments to MTC**

The Act provides for payments by the Authority to MTC for specified transportation projects and programs. The payments are subordinate to the payment of the Authority's Bonds and other Secured Obligations.

In 2010, MTC determined that certain of the payments, totaling approximately \$22 million in the FYE 2010 (collectively, the "Fund Transfers"), were essential to the regional transportation system but that the statutory schedule for Fund Transfers would be inadequate to timely fund some of the projects planned by MTC. To address this timing issue, the Authority and MTC entered into a Funding Agreement (the "Funding Agreement"), under which the Authority paid to MTC in September 2010 an amount of \$507 million, equal to the then present value of the bridge toll revenues that the Authority projected would

be used for Fund Transfers for 50 years from July 1, 2010, in exchange for being relieved of responsibility for making Fund Transfers for that 50-year period.

The Authority's obligation to pay RM2 Operating Transfers ("RM2 Operating Transfers" as further described herein) and Authority Administrative Costs, described below, to MTC is not affected by the Funding Agreement. The following table sets forth the Authority's payments to MTC for the past five Fiscal Years.

**TABLE 5**  
**TRANSFERS TO MTC**  
**(\$ in millions)**

<b>FYE</b>	<b>RM2 Operating Transfers<sup>(1)</sup></b>	<b>Authority Administrative Costs<sup>(2)</sup></b>	<b>Total</b>
2015	\$38.39	\$ 8.93	\$47.32
2016	36.52	10.79	47.31
2017	42.68	10.64	53.32
2018	45.00	13.72	58.72
2019	46.45	14.33	60.78

<sup>(1)</sup> RM2 Operating Transfers are subject to a statutory cap of 38% of RM2 revenue. Total RM2 revenue equaled approximately \$129.3 million in FYE 2019.

<sup>(2)</sup> Authority Administrative Costs are transferred by the Authority to MTC. This amount does not include Authority Maintenance and Operation Expenses, which are shown on Table 4 Historical Operating Expenses.

Source: The Authority.

"RM2 Operating Transfers" are transfers by the Authority to MTC to provide operating assistance for transit purposes pursuant to RM2 and Section 30914(d) of the Act. The measure provides that not more than 38% of annual bridge toll revenues derived from the RM2 Toll increase imposed in conjunction with RM2 (\$1.00 in the case of all vehicles regardless of the number of axles) may be transferred to MTC as RM2 Operating Transfers, and that all such transfers must first be authorized by MTC. Under Section 129(a)(3) of Title 23 of the United States Code, federal participation is limited on facilities that expend toll revenues for certain types of projects, including transit operations. MTC has received an opinion from the Federal Highway Administration that transit planning is an eligible expense and, as such, the Authority has made transfers to MTC for such purpose. MTC also has received an opinion from the Federal Highway Administration that it may expend toll funds on transit operations, if such funds are collected on bridge facilities that have not received federal assistance. There are four Bridges (Dumbarton, San Mateo-Hayward, Carquinez and Antioch) that have not received federal assistance. The Authority limits RM2 Operating Transfers to revenue derived from the RM2 toll revenue from these four Bridges and expects that tolls from such four Bridges will be sufficient to make RM2 Operating Transfers.

"Authority Administrative Costs" means the amount which the Authority may retain on an annual basis for its cost of administration pursuant to Section 30958 of the Act, which amount may not exceed 1% of the gross annual Bridge System revenues.

A separate provision of State law amended effective January 1, 2014 permits the Authority to make direct contributions to MTC in an amount up to 1% of the gross annual Bridge System revenues with any amounts exceeding 1% required to be in the form of interest-bearing loans to MTC. No such loans are outstanding at this time. [**Subject to Review/Update**] [Beginning in FYE 2020, the Authority plans to utilize the ability to make direct contributions to MTC under this statutory authority in order to reduce MTC's pension liability under CalPERS (as defined herein).] See "OTHER AUTHORITY OBLIGATIONS – CalPERS and MTC Retirement Plan."

## RELATED ENTITIES

The Authority has interactions with a number of related entities the obligations of which are not obligations of the Authority nor are the obligations of such entities payable from Bridge Toll Revenues. These agencies and certain of their activities are described below.

### **Metropolitan Transportation Commission**

MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the “Bay Area.” As such, it is responsible for regularly updating the regional transportation plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, ferry, railroad, and bicycle and pedestrian facilities. MTC administers state and federal grants for transportation projects and screens requests from local agencies for such grant funding to determine their compatibility with the regional transportation plan. The regional transportation plan is published within the sustainable communities strategy that is jointly developed for the Bay Area by MTC and the Association of Bay Area Governments (“ABAG”). In July 2017, the staffs of MTC and the ABAG consolidated. With approximately 290 staff, this combined work force is supporting the governing boards of both agencies and addressing challenges like housing affordability, access to jobs and congestion across the Bay Area’s highways.

### **Bay Area Infrastructure Financing Authority**

MTC and the Authority formed the Bay Area Infrastructure Financing Authority (“BAIFA”), a joint exercise of powers authority, pursuant to a Joint Exercise of Powers Agreement under which BAIFA exercises the authorized common powers of MTC and the Authority and the powers separately conferred by statute upon BAIFA, to undertake the activities specified in the Joint Exercise of Powers Agreement.

*Bay Area Express Lanes.* MTC and BAIFA entered into a cooperative agreement under which MTC has delegated to BAIFA substantially all responsibility for developing and operating the MTC Express Lanes (as further defined and described below), including toll collection. Tolls collected from vehicles in the MTC Express Lanes do not constitute bridge toll revenues and are not pledged to secure Bonds of the Authority. See “CAPITAL PROJECTS AND FUNDING—Additional Projects” for a discussion of the Authority’s budgeted funding for MTC Express Lanes projects.

MTC and partner agencies are developing, constructing and implementing a regional network of express lanes (the “Bay Area Express Lanes”), which when complete are expected to comprise 550 miles of express lanes operated by MTC through BAIFA, the Valley Transportation Authority, the Alameda County Transportation Commission, and the Sunol Smart Corridors Joint Powers Authority. The Bay Area Express Lanes is a multi-county, value-priced tolling system within the high-occupancy toll lane network that allows vehicles that do not otherwise meet the applicable occupancy requirements for high-occupancy lane(s) within a particular segment of highway to use the FasTrak system to pay to access the otherwise-restricted lane(s). MTC’s portion of the Bay Area Express Lanes (the “MTC Express Lanes”) will span 270 miles of express lanes—consisting of 150 miles of converted high occupancy vehicle (HOV) lanes and 120 miles of new lanes. The MTC Express Lanes on the I-680 Contra Costa Southern Segment between Walnut Creek and San Ramon opened in October 2017. Ongoing MTC Express Lanes projects include the I-880 in Alameda County (which is expected to open to traffic in 2020), the I-680 between Walnut Creek and Martinez (which is expected to open to traffic in 2021), and the I-80 in Solano County (which remains under design).

## **AUTHORITY FINANCIAL AND OPERATING INFORMATION**

### **Financial Statements**

Audited financial information relating to the Authority is included in MTC's financial statements. MTC does not prepare separate financial statements for the Authority. MTC's Comprehensive Annual Financial Report for FYE 2019, including MTC's Financial Statements For FYE 2019 and FYE 2018 (collectively, the "MTC 2019 CAFR"), has been posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website at [Insert: EMMA Link to CAFR](#) and is incorporated herein by such reference as if fully included herein.

The financial statements as of June 30, 2019 and June 30, 2018 and for each of the years then ended, incorporated by reference in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in the financial statements.

### **Cash Reserves**

The Authority's budget for the Fiscal Year ending June 30, 2020, includes the continued maintenance of a \$1 billion reserve designated to provide liquidity for debt service, variable costs associated with variable rate demand bonds, rehabilitation and operational improvements on the Bridges, and operating and other expenses to help the Authority maintain operations through various emergency scenarios.

Pursuant to the Authority's budget for the Fiscal Year ending June 30, 2020, the reserve is designated as follows: [\$50 million in the Cooperative Agreement self-insurance emergency fund described below, \$175 million in the Operations and Maintenance fund described below for two years of operation and maintenance of toll facilities, \$210 million for two years of rehabilitation expenses on the Bridges, \$280 million in project contingency and self-insurance reserves, and \$285 million in variable interest rate risk reserves. The Authority is permitted to redesignate the latter three reserve categories from time to time as necessary or desirable, and regularly reviews its options for structuring the project contingency and self-insurance reserve.]

For a discussion of the Authority's cash, cash equivalents and investments as of June 30, 2019, see Note 3 on pages 69-74 of the MTC 2019 CAFR. The Authority is authorized to use available cash and investments in connection with the issuance of additional toll bridge revenue bonds for refunding or restructuring purposes. See "SUMMARY OF FINANCING PLAN—Anticipated Bond Issuances of the Authority" in the forepart of this Official Statement.

### **Operations and Maintenance Fund**

The Senior Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund equals two times the budgeted expenditures for the Fiscal Year for operation and maintenance of toll facilities on the Bridges, including, but not limited to, toll collection costs, including wages and salaries. The principal amount held in the Operations and Maintenance Fund is to be used and withdrawn by the Authority solely to pay such expenses and is not pledged to the payment of the Authority's Secured Obligations. Interest and other income from the investment of money in the Operations and Maintenance Fund is pledged to the payment of the Authority's Secured Obligations. The Authority, in its budget for the FYE June 30, 2020, requires that the balance in the Operations and Maintenance Fund be maintained at \$175 million. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance" in this Appendix A.

The Senior Indenture also provides that in the event that Bridge Toll Revenues on deposit in the Bay Area Toll Account are not sufficient at the beginning of any Fiscal Year to enable the Authority to make the transfer described above at the beginning of such Fiscal Year, the Authority shall not be required to make such transfer for such Fiscal Year and failure of the Authority to make such transfer shall not constitute an event of default under the Senior Indenture for as long as the Authority shall punctually pay the principal of and interest on the Senior Bonds as they become due and observe and comply with the toll rate covenants in the Senior Indenture. The Subordinate Indenture does not require the Operations and Maintenance Fund to be funded. See “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Certain Provisions of the Senior Indenture—Toll Rate Covenants” in the forepart of this Official Statement and APPENDIX B—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Covenants of the Authority.”

### **Cooperative Agreement Self-Insurance Fund**

Pursuant to its Cooperative Agreement with Caltrans, the Authority maintains a self-insurance fund. The Cooperative Agreement requires this fund to have a minimum balance of \$50 million, which would be available for reconstruction, repair and operations in the event of damage due to a major emergency that results in closure to traffic of a Bridge estimated to extend more than 30 days and to exceed \$10 million in cost. Pursuant to the Cooperative Agreement, replenishment of funds used for such repairs would be made by the Authority from bridge toll revenues. Upon agreement of Caltrans and the Authority, the minimum balance of the self-insurance fund may be reduced or eliminated in its entirety.

Neither the Authority nor Caltrans maintains business interruption insurance or any other commercially-available insurance with respect to damage to or loss of use of any of the Bridges.

### **Investment Policy**

Funds of the Authority are invested with other funds of MTC and related entities pursuant to an investment policy adopted by MTC, which permits the Authority to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies (California Government Code Section 53600 *et seq.*) The securities in which the Authority currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by agencies of the United States, bankers acceptances, corporate commercial paper of prime quality, negotiable certificates of deposit, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), the State’s local agency investment fund, the Alameda County local agency investment fund, collateralized repurchase agreements, debt obligations of the State and local agencies in the State, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, financial futures, option contracts, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by a trustee under the Authority’s toll bridge revenue bond indentures are to be invested by the trustee in specified types of investments in accordance with instructions from the Authority. The instructions from the Authority currently restrict those investments to investments permitted by the investment policy adopted by MTC described above (except that the trustee is permitted to invest a greater percentage of funds in mutual funds and in a single mutual fund than the investment policy would otherwise permit).

The Authority's primary investment strategy is to purchase investments with the intent to hold them to maturity. However, the Authority may sell an investment prior to maturity to avoid losses to the Authority resulting from further erosion of the market value of such investment or to meet operation or project liquidity needs.

As explained in the MTC 2019 CAFR at Note 1.U on page 67, and at Note 5 in the discussion of "Derivative Instruments" on page 85, the Authority's investment income for the FYE 2019 and 2018 was comprised of interest income from investments and changes in the fair market value of certain interest rate swaps that were hedges for variable rate demand bonds that were refunded and that no longer had an underlying bond to hedge. This resulted in a non-cash derivative investment gain of \$79,043,591 in the FYE 2018 and a non-cash derivative investment loss of \$131,370,314 in the FYE 2019. The Authority's Senior Indenture and Subordinate Indenture do not require the Authority to take that non-cash charge into account in calculating Revenue or for purposes of the additional bonds tests and the rate covenants described under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" in the forepart of this Official Statement.

For more information regarding the investment policy and portfolio of MTC and the Authority, including a discussion of certain deposit and investment risk factors, see Note 1.H and Note 3.C, starting at page 61 and page 73, respectively, of the MTC 2019 CAFR.

## Investment Portfolio

As of [\_\_\_\_\_, 20\_\_], the average maturity of the investment portfolio of MTC, which includes investments on behalf of the Authority, was [\_\_\_\_\_] days, with an average yield to maturity of approximately [\_\_\_\_\_] %.

**TABLE 6**  
**INVESTMENT PORTFOLIO INFORMATION<sup>(1)</sup>**  
**as of [DATE], 20[\_\_\_\_\_] (Unaudited)**

<b>Investments</b>	<b>Percent of Portfolio</b>	<b>Par Value</b>	<b>Market Value</b>
Cash	%	\$	\$
Government Sponsored Enterprises <sup>(2)</sup>			
Municipal Bonds			
Mutual Funds			
Government Pools <sup>(3)</sup>			
California Asset Management Program			
<b>TOTAL INVESTMENTS</b>	<b>%</b>	<b>\$</b>	<b>\$</b>

<sup>(1)</sup> [The investment portfolio includes funds of MTC and related entities and trustee held funds, approximately \$2.5 billion of which are funds of the Authority. Includes approximately \$66 million attributable to the SB 595 Toll Increases, which is held in the SB 595 Escrow Account. See "LITIGATION – Challenges to SB 595 and RM3."]

<sup>(2)</sup> Federal Home Loan Mortgage Corp., Federal Home Loan Banks, Federal National Mortgage Association and Federal Farm Credit Bank.

<sup>(3)</sup> Local Agency Investment Fund maintained by the Treasurer of the State of California.

Source: MTC Monthly Investment Report.

## OUTSTANDING AUTHORITY OBLIGATIONS

### Outstanding Senior Bonds and Senior Obligations

Prior to the expected delivery of the [2020/21 Bonds] and refunding of any of the Authority's [2020/21 Bonds], the Authority has outstanding Senior Bonds in the aggregate principal amount of \$[ ] comprised of: (i) \$[ ] of fixed rate bonds; (ii) \$[ ] variable rate demand bonds bearing interest at a Weekly Rate; (iii) \$[ ] of bonds bearing interest at Index Rates tied to the SIFMA Swap Index; (iv) \$[ ] of bonds bearing interest at an Index Rate tied to 70% of 3-month LIBOR; and (v) \$[ ] bonds bearing interest at Term Rates, all as more specifically set forth herein.

**Fixed Rate Bonds.** Table 7 below identifies the outstanding Senior Bonds that bear interest at a Fixed Rate, as of [ ], 20\_\_, the expected date of delivery of the [2020/21 Bonds]:

**TABLE 7**  
**SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS**  
**OUTSTANDING SENIOR FIXED RATE BONDS**

Series	Outstanding Principal Amount	Interest Rate	Final Maturity Date (April 1)
2014 Series F-2	\$74,720,000	Fixed	2021
2012 Series F-1	\$202,880,000	Fixed	2030
2009 Series F-2	\$1,300,000,000	Fixed (Taxable)	2049
2019 Series F-1	\$869,195,000	Fixed (Taxable)	2054
2017 Series F-1	\$300,000,000	Fixed	2056
<b>TOTAL</b>	<b><u>\$2,746,795,000</u></b>		



**Weekly Rate Bonds.** Table 8 below identifies the outstanding Senior Bonds that bear interest at a Weekly Rate, together with the letter of credit provider and expiration date of the letter of credit for each Series of such Senior Bonds:

**TABLE 8**  
**SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS**  
**OUTSTANDING SENIOR WEEKLY RATE BONDS**

<b>Series</b>	<b>Outstanding Principal Amount</b>	<b>Letter of Credit Provider</b>	<b>Letter of Credit Expiration Date</b>
2007 Series G-1	\$50,000,000	Bank of America, N.A.	June 15, 2022
2007 Series A-2	\$75,000,000	MUFG Bank, Ltd., acting through its New York Branch	June 15, 2022
2007 Series B-2	\$75,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	June 15, 2022
2007 Series C-2	\$25,000,000	MUFG Bank, Ltd., acting through its New York Branch	June 15, 2022
2007 Series D-2	\$100,000,000	Bank of America, N.A.	June 15, 2022
2008 Series C-1	\$25,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	June 15, 2022
2008 Series E-1	\$50,000,000	MUFG Bank, Ltd., acting through its New York Branch	June 15, 2022
2019 Series A	\$100,000,000	Bank of America, N.A.	August 1, 2024
2019 Series B	\$57,160,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	August 1, 2024
2019 Series C	\$52,200,000	Bank of America, N.A.	August 1, 2024
2019 Series D	\$82,370,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	August 1, 2024
<b>TOTAL</b>	<b><u>\$691,730,000</u></b>		

**Term Rate and Index Rate Bonds.** Table 9 below identifies the outstanding Senior Bonds that bear interest at a Term Rate or Index Rate, as described below, and are not supported by a letter of credit or liquidity facility:

**TABLE 9**  
**SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS**  
**OUTSTANDING SENIOR TERM RATE AND INDEX RATE BONDS**

<b>Series</b>	<b>Principal Amount</b>	<b>Term Rate</b>	<b>Index Rate</b>	<b>Purchase Date Following End of Index Rate or Term Rate Period<sup>(1)</sup></b>
2014 Series E	\$143,675,000	2.000%		April 1, 2021
2014 Series H	\$71,830,000		SIFMA Swap Index plus 0.70%	April 1, 2021
2017 Series D	\$156,850,000		70% of 3-month LIBOR plus 0.55%	April 1, 2021
2017 Series C	\$151,715,000	2.100%		April 1, 2022
2018 Series B	\$125,000,000	2.250%		April 1, 2022
2006 Series C-1	\$125,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2007 Series C-1	\$50,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2008 Series A-1	\$110,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2008 Series B-1	\$110,000,000		SIFMA Swap Index plus 1.10%	April 1, 2024
2008 Series G-1	\$50,000,000		SIFMA Swap Index plus 1.10%	April 1, 2024
2017 Series G	\$153,975,000	2.000%		April 1, 2024
2017 Series B	\$125,225,000	2.850%		April 1, 2025
2017 Series H	\$188,750,000	2.125%		April 1, 2025
2017 Series A	\$125,225,000	2.950%		April 1, 2026
2018 Series A	\$194,735,000	2.625%		April 1, 2026
2001 Series A (Francis F. Chin Issue)	\$150,000,000		SIFMA Swap Index plus 1.25%	April 1, 2027
<b>TOTAL</b>	<b>\$2,031,980,000</b>			

<sup>(1)</sup> The Authority expects funds from remarketing to be applied to pay the purchase price of such Bonds upon mandatory tender. The Authority is not obligated to provide any other funds for the purchase of such Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay such Bonds upon mandatory tender. If there are insufficient funds to purchase any Series of Bonds identified in the table above at the end of any Term Rate Period or Index Rate Period, the owners of such Bonds will retain such Bonds and such Bonds will bear interest at the Stepped Rate. See “RISK FACTORS – Remarketing Risk” in the forepart of this Official Statement.

## Outstanding Subordinate Bonds

Table 10 below identifies the outstanding Subordinate Bonds, which are secured by a pledge of Revenue that is subordinate to the pledge of Revenue securing the Senior Bonds, as of [\_\_\_\_\_, 20\_\_] the expected date of delivery of the [2020/21 Bonds].

**TABLE 10**  
**SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS**  
**OUTSTANDING SUBORDINATE BONDS**

<b>Series</b>	<b>Outstanding Principal Amount</b>	<b>Interest Rate</b>	<b>Final Maturity Date</b>
2010 Series S-2	\$1,365,000	Fixed	October 1, 2020
2019 Series S-9	\$103,535,000	Fixed (Taxable)	April 1, 2023
2017 Series S-7	\$1,391,570,000	Fixed	April 1, 2049
2019 Series S-H	\$126,240,000	Fixed	April 1, 2049
2010 Series S-1	\$1,500,000,000	Fixed (Taxable)	April 1, 2050
2010 Series S-3	\$475,000,000	Fixed (Taxable)	October 1, 2050
2019 Series S-8	\$203,270,000	Fixed	April 1, 2056
<b>TOTAL</b>	<b>\$3,800,980,000</b>		

## Qualified Swap Agreements

The Authority currently has outstanding thirteen Qualified Swap Agreements with seven counterparties that, as of June 30, 2019, had an aggregate notional amount of \$1,440,000,000. Under all Qualified Swap Agreements, the Authority pays a fixed rate and receives a variable rate based on an index. Each Qualified Swap Agreement may terminate prior to its scheduled termination date and prior to the maturity of the Senior Bonds to which it relates. As of June 30, 2019, the aggregate fair market value of the Qualified Swap Agreements was approximately \$443.1 million, payable by the Authority if all Qualified Swap Agreements were terminated on such date. For a discussion of the Authority's outstanding Qualified Swap Agreements as of June 30, 2019, see "Note 5—Derivative Instruments" and "—Objective and Terms of Hedging Derivative Instruments" on pages 85-89 and Schedules 15 through 18 on pages 137-140, of the MTC 2019 CAFR.

The governing board of the Authority has authorized the amendment, restructuring, and termination of existing Qualified Swap Agreements and the governing board has authorized the Authority to enter into additional Qualified Swap Agreements.

There are no automatic termination events under any of the Authority's Qualified Swap Agreements, except in the case of bankruptcy under certain circumstances.

Each of the Authority's Qualified Swap Agreements may be terminated at the option of the Authority or its counterparty upon the occurrence of certain events. Such events include, among other events, the election of the Authority to terminate (in its sole discretion) at any time and the election of the counterparty to terminate if the Authority's unenhanced Senior Bond credit rating is withdrawn, suspended or reduced below "BBB-" by Standard & Poor's (or in certain cases below "BBB" or "BBB+") or is withdrawn, suspended or reduced below "Baa3" by Moody's (or in certain cases below "Baa2" or "Baa1") and that withdrawal, suspension or reduction continues for five business days. In the event a Qualified Swap Agreement is so terminated, a termination payment will be payable by either the Authority or the counterparty, depending on market conditions and the specific provisions of the Qualified Swap Agreement.

Any such termination payment payable by the Authority could be substantial. Termination payments payable pursuant to Qualified Swap Agreements are payable on parity with the Subordinate Bonds and constitute “Parity Obligations” under the Subordinate Indenture.

The Authority is not required to post collateral under its Qualified Swap Agreements. The counterparties are not required to post collateral unless they are rated below either “AA-” by Standard & Poor’s or “Aa3” by Moody’s. Each swap counterparty is required to post collateral to the Authority to secure its exposure in excess of \$10 million if the counterparty is rated between either “A+” and “A-” by Standard & Poor’s or “A1” and “A3” by Moody’s. However, each counterparty must secure its entire exposure if it is rated below either “A-” by Standard & Poor’s or “A3” by Moody’s. Additionally, each of the Qualified Swap Agreements provide the Authority with the right to terminate if the rating of the counterparty (or, if applicable, its credit support provider) to the agreement is withdrawn, suspended or reduced below specified levels by either Standard & Poor’s or Moody’s.

***LIBOR Litigation. [SUBJECT TO REVIEW AND UPDATE]*** [The Authority has entered into interest rate swap contracts under which periodic payments to the Authority are calculated based on the London InterBank Offered Rate for the U.S. dollar (LIBOR). LIBOR is a benchmark rate calculated using an average of daily submissions by a panel of international banks regarding the rates at which they are prepared to lend unsecured funds to one another.

On March 31, 2014, the Authority initiated litigation in the United States District Court for the Northern District of California seeking recovery for damages allegedly suffered by the Authority under interest rate swap contracts with certain of the panel banks and other counterparties, resulting from the alleged manipulation of LIBOR between August 2007 and May 2010 (the “LIBOR Litigation”). The LIBOR Litigation is currently pending in the United States District Court for the Southern District of New York, where that case and cases initiated by numerous other plaintiffs were transferred and coordinated for pretrial proceedings along with related cases that were filed in that District. The Authority filed an amended complaint in October 2014. The complaint asserts claims under federal and state law against 25 defendants, consisting primarily of banks that were on the LIBOR panel during the relevant period. The Authority’s claims arise from the banks’ alleged suppression of LIBOR through making daily submissions that did not accurately reflect their expected borrowing rates. The Authority further alleges that the banks’ suppression of LIBOR caused the Authority to receive lower payments than it was entitled to under its interest rate swap agreements.

As a result of opinions issued between 2015 and 2018 by the district court overseeing the LIBOR Litigation as well as the Second Circuit Court of Appeals, the Authority’s claims against many of the defendants have been dismissed, for lack of personal jurisdiction and on other grounds. But certain of the Authority’s claims against three of the panel banks—Bank of America, N.A., Citibank, N.A., and JPMorgan Chase Bank, N.A.—have been allowed to proceed, at least in part.

Additionally, most of the Authority’s federal and state antitrust claims are currently included in consolidated appeals seeking to overturn the district court’s December 2016 dismissal of those claims. Briefing in those appeals was completed in the spring of 2018, and oral argument was held on May 24, 2019. ]

**TABLE 11**  
**QUALIFIED SWAP AGREEMENTS**  
**(as of July 1, 2019)**

<b>Counterparty</b>	<b>Notional Amount</b>	<b>Rate Paid by Authority</b>	<b>Rate Received by Authority</b>
Bank of America, N.A. <sup>(1)</sup>	\$30,000,000 amortizing to \$0 by April 1, 2045	3.633% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
Bank of America, N.A. <sup>(1)</sup>	\$50,000,000 amortizing to \$0 by April 1, 2047	3.6255% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
Bank of America, N.A. <sup>(1)</sup>	\$125,000,000 amortizing to \$0 by April 1, 2045	2.9570% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
Citibank, N.A. <sup>(1)</sup>	\$115,000,000 amortizing to \$0 by April 1, 2045	3.6375% per annum	A floating per annum rate based on 53.80% of the one-month LIBOR Index <sup>(2)</sup> plus 0.74%
Citibank, N.A. <sup>(1)</sup>	\$260,000,000 amortizing to \$0 by April 1, 2047	3.636% per annum	A floating per annum rate based on 53.80% of the one-month LIBOR Index <sup>(2)</sup> plus 0.74%
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$85,000,000 amortizing to \$0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$60,000,000 amortizing to \$0 by April 1, 2045	3.6418% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
JPMorgan Chase Bank, N.A. <sup>(1)</sup>	\$245,000,000 amortizing to \$0 by April 1, 2045	4.00% per annum	A floating per annum rate based on 75.105% of the one-month LIBOR Index <sup>(2)</sup>
Morgan Stanley Capital Services Inc.	\$75,000,000, amortizing to \$0 by April 1, 2036	4.09% per annum	A floating per annum rate based on 65% of the one-month LIBOR Index <sup>(2)</sup>
The Bank of New York Mellon	\$170,000,000 amortizing to \$0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
The Bank of New York Mellon	\$40,000,000 amortizing to \$0 by April 1, 2047	2.2240% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index <sup>(2)</sup>
Wells Fargo Bank, N.A.	\$75,000,000 amortizing to \$0 by April 1, 2036	3.2860% per annum	A floating per annum rate based on 65% of the one-month LIBOR Index <sup>(2)</sup>
Wells Fargo Bank, N.A.	\$110,000,000 amortizing to \$0 by April 1, 2045	3.6375% per annum	A floating per annum rate based on 53.80% of the one-month LIBOR Index <sup>(2)</sup> plus 0.74%

<sup>(1)</sup> Named Defendant in LIBOR Litigation described in “OUTSTANDING AUTHORITY OBLIGATIONS – Qualified Swap Agreement – *LIBOR Litigation*.”

<sup>(2)</sup> Defined, generally, as the average interest rate at which a selection of banks in London are prepared to lend to one another in United States dollars with a maturity of one month.

## **OTHER AUTHORITY OBLIGATIONS**

### **Credit Facilities**

On October 16, 2014, the Authority entered into a Reimbursement Agreement, as amended on June 15, 2017 and as further amended on August 1, 2019, with certain banks and with Bank of America, N.A., as agent for such banks, pursuant to which the banks provided irrevocable, direct-pay letters of credit (the “Letters of Credit”) for the Authority’s outstanding variable rate demand Senior Bonds. See “OUTSTANDING AUTHORITY OBLIGATIONS – Outstanding Senior Bonds and Senior Obligations – Weekly Rate Bonds.”

The Letters of Credit are available to be drawn on for funds to pay principal of and interest on the applicable Senior Bonds and payment of the Purchase Price for such Senior Bonds tendered for purchase or subject to mandatory purchase in accordance with the Senior Indenture and not remarketed. Senior Bonds so purchased with proceeds of draws under the Letters of Credit (“Credit Provider Bonds”) will continue to be Senior Bonds under the Senior Indenture payable on a parity basis with other Senior Bonds, but they will bear interest at the applicable rate of interest set forth in the Reimbursement Agreement. Reimbursement obligations created by unreimbursed principal and interest draws under the Letter of Credit will be Senior Parity Obligations, payable on a parity basis with Senior Bonds. Under the Reimbursement Agreement, fees and other payments due to the banks providing the Letters of Credit are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Senior Indenture Trustee. The Authority’s obligation to pay interest on reimbursement obligations and on Credit Provider Bonds evidencing the Authority’s obligation to pay amounts advanced under the Letters of Credit can be as high as 15% per annum.

The Letters of Credit will expire on the dates shown on Table 8 — “OUTSTANDING SENIOR WEEKLY RATE BONDS” above. An extension of the Letters of Credit or the substitution of another liquidity facility for the applicable Senior Bonds is required by the Indenture until such Senior Bonds are retired or changed to bear interest, as permitted by the Indenture, at a Fixed Rate, a Term Rate, a Commercial Paper Rate, or an Index Rate. The scheduled expiration or the termination by the Authority of a Letter of Credit will, and the substitution of another liquidity facility may, result in a mandatory purchase of the Senior Bonds supported by such Letter of Credit as explained under APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Mechanics of Optional and Mandatory Tenders.

The Authority’s obligation to reimburse the banks on account of the purchase of the Authority’s Senior Bonds that are tendered for purchase and not successfully remarketed may, under specified circumstances, be converted to a liquidity advance, evidenced by a “Bank Bond.” In such a case, the Reimbursement Agreement requires the Authority to redeem any Bank Bond that is not remarketed in 13 equal quarterly installments beginning on the first Business Day of the twenty-fourth calendar month immediately following the purchase of the Bank Bond by the applicable bank, but that amortization period may be accelerated by the banks in the event of the occurrence of an event of default under the Reimbursement Agreement. Events of default under the Reimbursement Agreement include, among other events, the failure of the Authority to pay debt service on its Senior Bonds or Subordinate Bonds as and when due, the default by the Authority in the observance or performance of covenants or agreements in the Reimbursement Agreement or related documents, and a reduction in the long-term unenhanced ratings of any Senior Obligations below “BBB-”, “BBB-” and “Baa3,” respectively by any two of Fitch, S&P and Moody’s, or a withdrawal or suspension for credit-related reasons of such ratings by any two of such rating agencies. The Indenture requires Bank Bonds of a Series to be remarketed prior to the remarketing of any other remarketed Bonds of such Series tendered for purchase or subject to mandatory purchase.

In addition, in order for a liquidity drawing to be converted to a liquidity advance under the Reimbursement Agreement, certain preconditions must be satisfied by the Authority. These include, in addition to there being no event of default under the Reimbursement Agreement, the requirement that the Authority be able to make, as of the conversion date, certain representations and warranties set forth in the Reimbursement Agreement, including representations regarding the absence of certain litigation or legislation. Such representations may not be possible under circumstances that are beyond the control of the Authority. If the preconditions to the conversion to a liquidity advance cannot be met, the liquidity drawing is due and payable immediately by the Authority. Liquidity drawings and liquidity advances under the Reimbursement Agreement are required to be paid on a parity with the Senior Bonds and prior to the Subordinate Bonds.

### **Further Subordinated Obligations**

The Authority may issue or incur obligations that would be secured by Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Subordinate Obligations. Other than fees and other payments due to the Credit Providers, the Authority had no such obligations outstanding as of the date of this Official Statement. Such obligations could consist of toll bridge revenue bonds or payment obligations under liquidity or credit agreements or interest rate swap agreements. The Authority also has other obligations such as remarketing agent fees that are payable from Revenues.

### **CalPERS and MTC Retirement Plan**

MTC, which includes the Authority, provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the “MTC Plan”), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The MTC Plan is part of the Public Agency portion of the California Public Employees’ Retirement System (“CalPERS”). CalPERS provides an actuarially determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by MTC, a proportionate share of which is allocated to the Authority.

The following table sets out MTC incurred pension expenses for Fiscal Years 2015 through 2019 and the amount of the pension expense allocated to the Authority for each fiscal year, based on the measurement period ending June 30 of the prior year. [***Subject to Review/Update***] [Increases in MTC’s pension expense for FYE 2018 and 2019 result from the increase in employees participating in the MTC Plan as a result of the MTC-ABAG consolidation.] See Note 1.K and Note 8, on pages 63 and 93, respectively of the MTC 2019 CAFR for additional information on the MTC Plan.

**TABLE 12**  
**MTC PENSION EXPENSE AND AUTHORITY ALLOCATION**

<b>FYE (June 30)<sup>(1)</sup></b>	<b>MTC Pension Expense</b>	<b>Authority Pension Expense Allocation<sup>(3)</sup></b>
2015	\$ 1,994,166	\$ 515,891
2016	2,580,963	679,825
2017	4,520,718	1,227,908
2018 <sup>(2)</sup>	6,516,422	1,366,116
2019	5,414,566	1,095,777

<sup>(1)</sup> In Fiscal Year 2015, MTC adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of the statement changed the recognition of the pension expense from the actuarially determined contribution paid by MTC to the pension expenses arising from the service cost, employees' contribution, and certain changes in the collective net pension liability during the current measurement period.

<sup>(2)</sup> In Fiscal Year 2018, MTC adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard establishes new accounting and financial reporting requirements for those governments whose employees are provided with other post-employment benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The adoption of this standard recognized the OPEB benefit obligation as an OPEB liability, with no restatement of prior periods.

<sup>(3)</sup> Under GASB Statement Nos. 68 and 75, MTC has a net pension liability of \$29.3 million of which \$7.3 million has been allocated to the Authority. See Note 8.D at page 97 of the MTC 2019 CAFR.

Source: The Authority.

In July 2019, CalPERS issued its Actuarial Valuation as of June 30, 2018 for the MTC Plan (the "CalPERS 2018 MTC Actuarial Valuation"), which included, among other things, projected future contribution rates for the MTC plan. According to the CalPERS 2018 MTC Actuarial Valuation, the MTC employer contribution rate for the FYE 2020 is 19.887% of covered payroll and is projected to be 20.756% of covered payroll for the FYE 2021. See "THE BRIDGE SYSTEM – Payments to MTC."

The CalPERS 2018 MTC Actuarial Valuation includes the table below that shows the recent history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll for MTC for the FYE 2014 through 2018.

**TABLE 13**  
**MTC PENSION PLAN INFORMATION**

<b>Valuation Date (June 30)</b>	<b>Accrued Liability</b>	<b>Market Value of Assets (MVA)</b>	<b>Unfunded Liability (UL)</b>	<b>Funded Ratios</b>	<b>Annual Covered Payroll</b>
2014	\$127,057,878	\$102,510,742	\$24,547,136	80.7%	\$20,134,570
2015	\$135,380,171	\$105,627,088	\$29,753,083	78.0	22,145,005
2016	143,694,570	107,227,476	36,467,094	74.6	25,340,475
2017	152,229,411	121,450,215	30,779,196	79.8	31,675,025
2018	172,615,556	135,181,133	37,434,423	78.3	32,765,565

Source: CalPERS 2018 MTC Actuarial Valuation.

CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations, including the CalPERS 2018 MTC Plan Report, may be obtained from CalPERS Financial Services Division. The information set forth therein is not incorporated by reference in this Official Statement.



## **HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE**

### **Historical Revenue and Debt Service Coverage**

The following table sets forth Bridge System historical revenue and debt service coverage for the FYE 2015 through 2019. Information in the table is intended to provide potential investors with information about revenues and gross debt service coverage. The revenue and expense information presented is derived from audited financial statements prepared in accordance with generally accepted accounting principles, however, as presented below the information differs from the audited presentation. This table does not calculate coverage ratio covenants or additional bonds tests that are discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS” and “SUMMARY OF FINANCING PLAN – Additional Bonds Test” in the forepart of this Official Statement and in APPENDIX B — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” and APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.” Generally, swap rates are used for variable rate demand bonds that have corresponding qualified swap agreements, the interest rates on taxable Build America Bonds are net of the subsidy payments, which payments are excluded from revenues, and bank fees are excluded from debt service. Maintenance and Operation Expenses shown in the table below include operating expenses incurred by the Authority and other operating agencies. See “THE BRIDGE SYSTEM – Bridge System Operations and Maintenance – Table 4 Historical Operating Expenses” above.

**TABLE 14**  
**BRIDGE SYSTEM**  
**HISTORICAL REVENUE AND DEBT SERVICE COVERAGE**  
**(\$ in thousands)**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenue</b>					
Bridge Toll Revenues	\$694,955	\$714,132	\$720,784	\$727,350	\$724,914
Interest Earnings <sup>(1)</sup>	8,230	12,006	16,159	26,456	65,778
Other Revenues <sup>(2)</sup>	22,384	22,830	26,477	28,379	26,649
<b>Total Revenue Under Senior Indenture [A]</b>	<b>\$725,569</b>	<b>\$748,968</b>	<b>\$763,420</b>	<b>\$782,185</b>	<b>\$817,341</b>
<b>Debt Service on Senior Bonds and Parity Obligations [B]<sup>(3)</sup></b>	<b>\$241,889</b>	<b>\$255,563</b>	<b>\$262,814</b>	<b>\$273,858</b>	<b>\$267,246</b>
<b>Gross Senior Debt Service Coverage [A/B]</b>	<b>3.00x</b>	<b>2.93x</b>	<b>2.90x</b>	<b>2.86x</b>	<b>3.06x</b>
<b>Less Maintenance and Operation Expenses <sup>(4)</sup> [C]</b>	<b>\$(107,507)</b>	<b>\$(70,228)</b>	<b>\$(72,377)</b>	<b>\$(82,472)</b>	<b>\$(89,653)</b>
<b>Total Available Revenue Under Subordinate Indenture [A-C = D]</b>	<b>\$618,062</b>	<b>\$678,740</b>	<b>\$691,043</b>	<b>\$699,713</b>	<b>\$727,688</b>
<b>Debt Service on Senior Bonds, Parity Obligations and Subordinate Bonds [E]<sup>(3)</sup></b>	<b>\$408,587</b>	<b>\$428,692</b>	<b>\$435,909</b>	<b>\$439,577</b>	<b>\$443,959</b>
<b>Aggregate Debt Service Coverage [D/E]</b>	<b>1.51x</b>	<b>1.58x</b>	<b>1.59x</b>	<b>1.59x</b>	<b>1.64x</b>

<sup>(1)</sup> Does not reflect non-cash derivative investment charges or gains that do not reduce or increase Revenue under provisions of the Senior Indenture.

<sup>(2)</sup> Consists of violation revenues.

<sup>(3)</sup> Including accrual of interest less Build America Bonds Subsidy, which subsidy was reduced by approximately 7.3% in federal fiscal year 2015, 6.8% in federal fiscal year 2016, 6.9% in federal fiscal year 2017, 6.6% in federal fiscal year 2018 and 6.2% in federal fiscal year 2019 as a result of the sequestration order. See "RISK FACTORS—Risk of Non-Payment of Direct Subsidy Payments" in the forepart of this Official Statement and Note 1 Y. on page 68 of the MTC 2019 CAFR.

<sup>(4)</sup> The maintenance and operation expenses shown for FYE 2015 reflects gross operating and maintenance expenses without factoring in reimbursements received from Caltrans and other operating agencies. The maintenance and operation expenses shown for FYE 2016 through FYE 2019 reflect the net operating and maintenance expenses incurred by the Authority, factoring in reimbursements received from other operating agencies. See "THE BRIDGE SYSTEM – Bridge System Operations and Maintenance – Table 4 Historical Operating Expenses."

Source: The Authority.

## Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage

[TO BE UPDATED FOR RESOLUTION PACKAGE] [The following table sets forth projected revenues and expenditures of the Authority and projected debt service coverage for its Fiscal Years ending June 30, 2020 through 2024. Generally, the Authority's projections for the Fiscal Year ending June 30, 2020 reflect budgeted revenues and expenses. These projections were prepared as of November 5, 2019 and do not reflect actual results and transactions occurring during FYE 2020, including the issuance of the 2020/21 Bonds. Further, the projections do not reflect any FYE 2020 budget actions by the Authority subsequent to November 5, 2019. **THE PROJECTIONS OF BRIDGE TOLL REVENUES PRESENTED IN THE FOLLOWING TABLE DO NOT INCLUDE REVENUES RESULTING FROM THE SB 595 TOLL INCREASES.** See "LITIGATION – Challenges to SB 595 and RM3." Further assumptions made in preparing the projections are detailed below.

The prospective financial information was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

The projections set forth below represent the Authority's forecast of future results as of the date of preparation of the table based on information then available to the Authority as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Authority. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. The Authority is not obligated to update, or otherwise revise the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

The prospective financial information included in the Official Statement has been prepared by, and is the responsibility of, the Authority's management. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in the Official Statement relates to the Authority's previously issued financial statements. It does not extend to the prospective financial information and should not be read to do so.

**[TO BE UPDATED FOR RESOLUTION PACKAGE]**

**TABLE 15**  
**BRIDGE SYSTEM**  
**PROJECTED REVENUE, OPERATIONS & MAINTENANCE**  
**EXPENSES AND DEBT SERVICE COVERAGE<sup>(1)(2)</sup>**  
**(\$ in thousands)**

		<b>Fiscal Year Ending June 30</b>				
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Senior Obligation Debt Service</b>						
A	Bridge Toll Revenues <sup>(3)</sup>					
B	Interest Earnings					
C	Other Revenues <sup>(4)</sup>					
D	Total Revenue Under Senior Indenture					
E	Existing Senior Bonds and Parity Obligations <sup>(5)</sup>					
F	Additional Senior Bonds					
G	Total Senior Bonds and Parity Obligations					
H	Senior Debt Service Coverage (D/G)					
<b>Projected Subordinate Bond Debt Service</b>						
I	Total Revenue Under Subordinate Indenture					
J	Debt Service on Senior Bonds and Parity Obligations					
K	Existing Subordinate Bond Debt Service <sup>(6)</sup>					
L	Additional Subordinate Bond Debt Service					
M	Aggregate Debt Service					
N	Gross Aggregate Debt Service Coverage (I/M)					
O	Total Revenue Under Subordinate Indenture					
P	Less: Maintenance and Operations Expenses <sup>(7)</sup>					
Q	Net Available Revenue Under Subordinate Indenture					
	Net Aggregate Debt Service Coverage (Q/M)					

**ALL FOOTNOTES TO BE REVIEWED/UPDATED FOR RESOLUTION PACKAGE**

- (1) The projections in this table were prepared as of November [ ], 2019 using data available as of FYE 2019, and such projections do not reflect actual results and transactions occurring during FYE 2019 or the issuance of the [2020/21 Bonds]. This table does not calculate coverage ratio covenants or additional bonds tests. Debt payments are shown on a cash payment basis and will differ slightly from the GAAP based accrual costs recorded by the Authority. This table does not reflect the results, including the effect on debt service, of the refinancing set forth in “Summary of Financing Plan” in the Official Statement. Projected annual debt service requirements for all of the Authority’s outstanding Senior Bonds and Subordinate Bonds reflecting such refinancing are set forth in APPENDIX F – “PROJECTED DEBT SERVICE SCHEDULE.”
- (2) The projections in this table exclude any Bridge Toll Revenues resulting from the SB 595 Toll Increases. See “LITIGATION – Challenges to SB 595 and RM3.”
- (3) The projected Bridge Toll Revenues assume FYE 2019 traffic is the same as FYE 2018 traffic and grows at 0.50% annually thereafter, except for the San Francisco-Oakland Bay Bridge, which is assumed to reach non-HOV traffic capacity in FYE 2020. [The Authority expects, though, that toll-paying motor vehicle traffic decreased by approximately 0.2% in FYE 2019.] See “THE BRIDGE SYSTEM – Motor Vehicle Traffic” herein. In accounting for peak traffic tolling, instead of actual revenues, it is assumed that the average 2-axle toll rate on the San Francisco-Oakland Bay Bridge is \$5.00.
- (4) Other Revenues include revenues from toll violations. [Other Revenues are assumed to increase at the same growth rate as Bridge Toll Revenues. The Authority expects, though, that toll-paying motor vehicle traffic decreased by approximately 0.2% in FYE 2019.] See “THE BRIDGE SYSTEM – Motor Vehicle Traffic” herein.
- (5) Reflects actual interest rates for outstanding fixed rate Senior Bonds. Assumes an interest rate per annum for hedged variable rate and term rate Senior Bonds equal to the fixed rate payable under related interest rate swap arrangements plus any fixed

spread on relevant bonds while in an Index Mode. Assumes interest rates on unhedged variable rate bonds based on the Authority's forecasts, which range from 2.03% to 2.80%. Interest on unhedged term rate bonds is calculated at the term rate through the term period and then at the unhedged variable rate assumptions from the mandatory tender date through maturity. Except for FYE 2019, debt service shown is net of the full 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received approximately \$0.94 million less in Build America Bond subsidy payments on Senior Bonds than expected for the October 1, 2018 debt service payment; debt service shown for FYE 2019 also accounts for a reduction of subsidy payments, based on current budgeted sequestration rates, of \$0.88 million on April 1, 2019. See "RISK FACTORS — Risk of Non-Payment of Direct Subsidy Payments" in the forepart of this Official Statement.

- (6) Reflects the actual interest rates for outstanding fixed rate Subordinate Bonds. Except for FYE 2019, debt service shown is net of the full 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received \$1.59 million less in Build America Bond subsidy payments on Subordinate Bonds than expected for the October 1, 2018 debt service payment; debt service shown accounts for a reduction of subsidy payments, based on current budgeted sequestration rates, of \$1.49 million on April 1, 2019. See "RISK FACTORS — Risk of Non-Payment of Direct Subsidy Payments" in the forepart of this Official Statement.
- (7) The projected maintenance and operating expenses shown reflect the net operating and maintenance expenses incurred by the Authority and the transition of maintenance expenses to the Authority on all bridges, which for purposes of these projections was expected to occur as early as FYE 2019, factoring in reimbursements received from other operating agencies. The Authority now expects the full inclusion of operating maintenance expenses associated with all bridges to occur during FYE 2021. See "THE BRIDGE SYSTEM – Bridge System Operations and Maintenance."

Source: The Authority.

The levels of traffic assumed, toll revenue projected, additional bonds debt service projected and maintenance and operations expenses projected in the foregoing are based solely upon estimates and assumptions made by the Authority. Actual levels of traffic and toll revenue have differed, will differ, and may differ materially, from the levels projected. Actual interest earnings, debt service interest rates, interest subsidy payments, swap revenues and maintenance and operations expenses could also differ materially from the forecast.

The interest earnings shown in the table above are calculated assuming that the Authority's investment rate forecasts, which range from [2.54]% to [3.50]%, are realized, on average, by the Authority in its investment of cash balances, including debt service reserve funds.

Maintenance and Operations Expenses shown in the table above are based on the Authority's adopted budget for the FYE 2019 and are projected thereafter to include all Maintenance and Operation Expenses as defined in the Subordinate Indenture, which include operating expenses incurred by the Authority and other operating agencies.

The debt service coverage ratios set forth in the foregoing table are for information purposes only. The Authority is only required to meet the coverage ratios specified in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants" and "—Certain Provisions of the Subordinate Indenture – Toll Rate Covenants" in the forepart of this Official Statement. Coverage ratios are also taken into account in determining the amount of toll bridge revenue bonds and parity obligations the Authority can issue. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Additional Bonds Test" and "—Certain Provisions of the Subordinate Indenture – Additional Bonds Test" in the forepart of this Official Statement.

## CAPITAL PROJECTS AND FUNDING

The Authority is authorized to use bridge toll revenues to fund capital projects, which have been authorized pursuant to certain programs described below.

### Bridge Rehabilitation Program

The Authority funds capital rehabilitation and operational improvement projects on the Bridge System designed to maintain and ensure the long-term safe operation of the Bridge System and associated toll facilities. The Authority commissioned a study by KPMG in 2011, which was most recently updated in November 2017, to assess its planned maintenance, repair and rehabilitation schedules for the Bridge System. The Authority currently anticipates funding such rehabilitation and operational improvement projects in the amount of approximately \$75 million for the Fiscal Year ending June 30, 2019. The Authority expects that actual maintenance, repair and rehabilitation costs will vary from year to year, largely as a result of the anticipated schedule for major rehabilitation of individual bridges, and that maintenance and repair costs generally will increase each year, which may result in deferring certain projects until funding is available. The Bridges are inspected regularly, and from time to time those inspections identify necessary maintenance and repair work that is not anticipated in the schedule. Ongoing maintenance, repair and major rehabilitation work on the Bridges may require the temporary closure of a Bridge from time to time. The Authority anticipates undertaking major rehabilitation or replacement of one or more bridges in the Bridge System while its Bonds are Outstanding, but the Authority cannot predict the timing or costs of such work.

### AB 1171 Capital Projects

Pursuant to Section 31010 of the Act (as amended by Assembly Bill 1171 (“AB 1171”) adopted in 2001), excess toll revenue generated from the seismic surcharge after a specified commitment for funding the Seismic Retrofit Program projects is achieved is required to be collected by the Authority and remitted to fund transportation and transit projects similar to those authorized by RM1 and RM2. The amount of such funds currently is programmed by MTC to be \$[ ] million and has been budgeted by the Authority to fund specified transportation projects such as the Doyle Drive replacement project, the extension of the Bay Area Rapid Transit system to east Contra Costa County, the Transbay Transit Center, improvements to the interchange of Highway 80 and Highway 680, and other transit and corridor improvement projects. As of [DATE], 20[ ], approximately \$[ ] million of the funds programmed have been spent on specified transportation projects.

### Seismic Retrofit Program

As described above under “THE BRIDGE SYSTEM – Seismic Retrofit of the Bridge System,” since 1989, California laws have required the seismic retrofit of each Bridge within the Bridge System. All seven bridges in the Bridge System have now undergone either a seismic retrofit or a replacement of existing structures. A combination of funding including Bridge tolls, proceeds of Bonds of the Authority, and State and federal funding have provided funds for the Seismic Retrofit Program.

The Seismic Retrofit Program is complete. The new east span has transitioned from a construction phase to an operations and maintenance phase under the oversight of Caltrans and the Authority. The Authority is in the process of closing out several construction contracts and fulfilling remaining environmental and right-of-way requirements, [*Subject to Review/Update*] [all of which are expected to be complete in Fiscal Year 2019]. The Toll Bridge Program Oversight Committee, which was established by legislation enacted in 2005 to provide project oversight and a project control process for the Seismic Retrofit Program projects, has concluded its oversight role with respect to the Seismic Retrofit Program.

## **Regional Measure 1 and Regional Measure 2 Projects**

Regional Measure 1 (“RM1”), which was approved by voters, authorized the Authority to pay for specified highway and bridge enhancement projects. The RM1 program was completed as of the close of the FYE 2013.

Voters also approved Regional Measure 2 (“RM2”), which authorizes the Authority to contribute up to \$1.589 billion to 40 transit, highway and bridge enhancement and improvement projects to reduce congestion or to make improvements to travel in the toll bridge corridors. Generally, RM2 funding covers only a portion of each project’s total cost. RM2 also authorizes the Authority to contribute funds every year for operating costs of specified public transportation agencies as another component of the regional traffic relief plan set forth in the ballot measure (the “RM2 Operating Transfers” described above under “THE BRIDGE SYSTEM – Payments to MTC”).

As of [DATE], 20[\_\_\_], approximately \$[\_\_\_] million of RM2 Projects remain to be allocated or spent out of the total budget of \$[\_\_\_] billion. Under the Act, the Authority may fund its specified RM2 Projects by issuance of additional toll bridge revenue bonds or transfer of Bridge Toll Revenues in an amount not to exceed \$[\_\_\_] billion, but the Authority is under no obligation to provide funding for any project beyond the amount expressly provided in RM2 or to increase funding for all of the RM2 Projects beyond the aggregate authorization.

## **SB 595/Regional Measure 3 Projects**

On June 5, 2018, a majority of Bay Area voters approved RM3, which authorizes the Authority to finance \$4.45 billion of highway and transit improvements in the toll bridge corridors and their approach routes consistent with the RM3 expenditure plan specified by the Legislature in SB 595.

As described below under “LITIGATION – Challenges to SB 595 and RM3,” two legal actions are pending with respect to SB 595 and RM3. The Authority cannot predict the outcome of such litigation at this time. See “LITIGATION – Challenges to SB 595 and RM3.”

## **Additional Projects**

From time to time, the Authority has funded projects based on findings that such projects will improve the functioning or use of one or more of the Bridges. Additionally, the Authority evaluates the need for future projects and the need for any increases in toll rates for such projects. See “THE BRIDGE SYSTEM – Bridge Toll Rates” above.

The Authority included approximately \$440 million in its current capital budget through the Fiscal Year ending June 30, 2020 for projects consisting of the conversion of high-occupancy lanes to express lanes for the regional MTC Express Lanes. Revenue from the MTC Express Lanes is not pledged as a source of payment for the Authority’s Secured Obligations. See “RELATED ENTITIES – Bay Area Express Lanes” for further information on the Bay Area Express Lanes.

The Transit Core Capacity Challenge Grant Program seeks to fund the replacement of all or a portion of the rolling stock of buses, streetcars and rail cars of the Alameda-Contra Costa Transit District, the San Francisco Municipal Transportation Agency and the Bay Area Rapid Transit District. In 2013, the Commission pledged \$7.5 billion in federal, state and local funds over 15 years to fund the program. MTC expects to fund the Core Capacity Challenge grants with more than \$3 billion in federal transportation money, \$875 million expected through the State cap and trade program and some \$250 million of Bridge Toll Revenues through 2028.

## LITIGATION

### General

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the 2019 Series F-1 Bonds and the 2019 Series S-9 Bonds, the application of the proceeds thereof in accordance with the Senior Indenture and the Subordinate Indenture, the collection or application of the Bridge Toll Revenues (except as described below under the heading “—Challenges to SB 595 and RM3” with respect to the SB 595 Toll Increases), or the statutory lien thereon, in any way contesting or affecting the validity or enforceability of the [2020/21 Bonds] or the Senior Indenture or the Subordinate Indenture, in any way contesting the completeness or accuracy of the Official Statement or the powers of the Authority with respect to the [2020/21 Bonds] or the Senior Indenture or the Subordinate Indenture, or which could, if adversely decided, have a materially adverse impact on the Authority’s financial position or the Authority’s ability to collect Bridge Toll Revenues (except as described below under the heading “—Challenges to SB 595 and RM3” with respect to the SB 595 Toll Increases).

Members of the public and advocacy groups from time to time assert that they intend to file a legal action against the Authority challenging certain programs, laws or actions that the Authority or its officers or related entities have taken. Because the Authority cannot be certain as to whether such actions will actually be filed, the legal assertions that may be made in a potential action or the remedy sought in terms of the amount of damages or performance requested of the Authority, the Authority includes as threatened litigation only situations in which the Authority is engaged in active settlement negotiations with a person or advocacy group in order to pre-empt filing of a lawsuit.

See “OUTSTANDING AUTHORITY OBLIGATIONS—Qualified Swap Agreements—LIBOR Litigation” for a discussion of another pending lawsuit that was initiated by the Authority.

### Class Actions

**[SUBJECT TO REVIEW AND UPDATE]** The Authority is defending against three class action complaints, which are now consolidated (collectively, the “AET Lawsuits”), in San Francisco Superior Court against the Authority and other defendants claiming deficiencies in policies and procedures with regard to the processing and assessment of violation penalties by the All Electronic Toll (“AET”) collection system on the Golden Gate Bridge. AET is currently in effect only on the Golden Gate Bridge and is not currently in effect on any of the Bridge System bridges. Therefore, the AET Lawsuits do not directly implicate the toll collection system on any of the Bridge System bridges. The Authority previously contracted with Xerox (now Conduent) for management of the toll collection customer service center for the Golden Gate Bridge as well as all the bridges in the Bridge System as described under “THE BRIDGE SYSTEM—Bridge Toll Collection—FasTrak Regional Customer Service Center.” Class certification in the AET Lawsuits is complete.

Additional class action lawsuits were filed in San Francisco Superior Court against the Authority and others alleging deficiencies in the tolling program on the Golden Gate Bridge, as well as two of the Bridge System bridges. These class actions also allege that the Authority and other defendants improperly disclose motorists’ Personally Identifiable Information in violation of various privacy statutes.

The AET Lawsuits and the additional lawsuits seek actual damages, restitution, attorneys’ fees, a writ of mandate (the AET Lawsuits only), and injunctive and declaratory relief. The AET Lawsuits are



scheduled for trial in November 2019. Based on the facts known to the Authority as of the date hereof, the Authority does not expect the AET Lawsuits or the additional lawsuits to have a material adverse impact on its revenues or its ability to pay its obligations, including the [2020/21 Bonds].

### **Challenges to SB 595 and RM3**

**[SUBJECT TO REVIEW AND UPDATE]** On July 5, 2018, several plaintiffs, including the Howard Jarvis Taxpayers Association, filed suit against the Authority and the State Legislature in San Francisco Superior Court (the “Superior Court”) seeking to invalidate SB 595 and RM3. On October 10, the Superior Court granted the Authority’s motion for judgment on the pleadings with leave for plaintiffs to amend. On October 22, 2018, the plaintiffs filed a First Amended Complaint seeking declaratory relief and invalidation of SB 595 and RM3 (the “FAC”). Plaintiffs in the FAC asserted that: (i) SB 595 is a change in state statute resulting in a higher tax which would require approval of two-thirds of all members of the State Legislature, and it did not meet such vote threshold, and (ii) RM3 is a special tax which would require two-thirds voter approval. On April 3, 2019, the Superior Court granted the Authority’s and the State Legislature’s motions for judgment on the pleadings against the FAC without leave to amend and, on April 17, 2019, entered judgment for the Authority and the State Legislature. On May 20, 2019, the Howard Jarvis Taxpayers Association filed a notice of appeal to the California Court of Appeal, First Appellate District, which appeal remains pending. The Authority continues to disagree with plaintiffs’ allegations and characterizations of SB 595 and RM3 and intends to vigorously defend its position on appeal.

On August 3, 2018, Randall Whitney, representing himself, filed suit against MTC and other unnamed defendants in the Superior Court asserting, among other things, that: (i) SB 595 is unconstitutional, and (ii) that RM3 is a special tax which would require 2/3 voter approval (the “MTC Litigation” and, together with the FAC, the “Challenges to SB 595 and RM3”). The petition in the MTC Litigation seeks, among other things, a writ of mandate “ordering MTC to nullify the RM3 tax.” MTC filed a motion for judgment on the pleadings for all claims in the MTC Litigation with the exception of one relating to a California Public Records Act request and, on June 11, 2019, the Superior Court granted MTC’s motion for judgment on the pleadings without leave to amend. The claim relating to the California Public Records Act request was subsequently dismissed by motion of the plaintiff on July 11, 2019, and judgement was thereafter entered by the court. The plaintiff, and his newly retained attorney from the Howard Jarvis Taxpayers Foundation, have filed an appeal of the Superior Court’s ruling on the motion for judgment on the pleadings, which appeal remains pending. A motion to consolidate the appeals in the Challenges to SB 595 and RM3 is pending in the appellate court. The Authority and MTC continue to disagree with plaintiff’s allegations and characterizations of SB 595 and RM3 in the MTC Litigation, and MTC intends to vigorously defend this position.

The Authority believes the Challenges to SB 595 and RM3 are flawed, but the Authority cannot predict the result or timing of any decisions by the appellate courts in these matters. Were an appellate court ultimately to agree with the plaintiffs in connection with either of the Challenges to SB 595 and RM3, the Authority might be prohibited from collecting or using any Bridge Toll Revenues derived from the SB 595 Toll Increases for any purpose, including without limitation those specified in SB 595, RM3 and the RM3 expenditure plan. Were SB 595 or RM3 invalidated or otherwise voided by an appellate court in the future, though, the loss of Bridge Toll Revenues attributable to the SB 595 Toll Increases would not impair the ability of the Authority to collect existing tolls and pay principal of and interest on the 2019 Series F-1 Bonds and the 2019 Series S-9 Bonds and all other outstanding bonds of the Authority.

As described above, the Authority adopted a new toll schedule effective January 1, 2019, which increased tolls on the Bridges by \$1.00 as part of implementing SB 595 and RM3. The SB 595 Toll Increases, including revenues relating to such \$1.00 increase, will be deposited by the Authority and held in the SB 595 Escrow Account until each of the Challenges to SB 595 and RM3 reaches a final, non-

appealable resolution and further action consistent with such final, non-appealable resolutions is taken by the Authority. There can be no guarantee that the Authority will not in the future be compelled, by court order in the Challenges to SB 595 and RM3 or otherwise, to budget, expend, allocate, transfer or otherwise dispose of some or all of the amounts on deposit in the SB 595 Escrow Account.

## **LEGISLATION**

From time to time, bills are introduced in the State Legislature that may impact the Authority. The State Legislature convened [\_\_\_\_\_] 20\_\_] for its [20\_\_] session (the “[20\_\_] Legislative Session”), which is ongoing as of the date of this Official Statement. The Authority is not aware of any pending legislation which could have a material adverse effect on the Authority’s finances or operations. The Authority cannot predict the bills that may be introduced in the State Legislature during the [20\_\_] Legislative Session and what impact they might have on the Authority.

# Bay Area Toll Authority



## Execution and Results of Resolution 127



*November 13<sup>th</sup>, 2019*

# Major Objectives of Resolution 127 Achieved



## GOAL

## STRATEGY

## RESULT

Manage Variable Rate Portfolio

Address Upcoming Remarketings

- ✓ Remarketed or Refunded \$1.023 Billion of Term/Index Rate Bonds
- ✓ Secured \$292 Million of New LOCs
- ✓ Reduced Fees on \$400 Million of LOCs by \$400K Annually
- ✓ Increased Bonding Capacity Ahead of RM3

Optimize Debt Portfolio

Structuring with Eye Towards the Future

- ✓ Released Excess Reserve Funds of \$14 Million
- ✓ Increased Bonding Capacity ahead of RM3 by \$415 Million
- ✓ Locked-in Low Borrowing Costs

Refund Senior and Subordinate Lien Debt for Cashflow Savings

Capture Market Opportunities

- ✓ Refunded 2012 Series F-1, 2014 Series F-1 and 2014 Series S-6
- ✓ \$481 Million in Cashflow Savings
- ✓ \$213 Million in NPV Savings

# Managing the Portfolio

\$1.023 Billion of Par



## ■ 2018 Series ABC (December 2018)

- Remarketed \$402.105 million of 2014 C Term Mode
  - \$319.735 million remarketed in a Term Mode – 2.625% and 2.25% for bonds with a 2045 maturity
  - \$82.370 million remarketed into an Index Mode – 1.75% for bonds with a 2047 final maturity

## ■ 2019 Series S-H (February 2019)

- Took advantage of attractive long-term interest rates
- Locked in 30-year all-in cost of funds of 4.09% on \$126.240 million

## ■ 2019 Series S-8 (July 2019)

- Continued the theme of locking in a low long-term cost of funds and refunded Index and Term Mode bonds into subordinate long-term fixed rate bonds
  - \$203.270 million locked in a 3.52% cost of funds with a 37 year final maturity

## ■ 2019 Series ABCD (July 2019)

- Refunded \$291.730 million of Index Mode bonds into bank liquidity Variable Rate Demand Bonds (“VRDBs”)

***All transactions structured to manage annual debt service, optimize fixed/variable ratio and to take advantage of market opportunities***



**Bay Area Toll Authority**

**\$402,105,000**

San Francisco Bay Area  
Toll Bridge Revenue Bonds  
(Term & Index Rate)  
2018 Series A, B & C

Bank of America Merrill Lynch J.P.Morgan  
citi Goldman Sachs

*Priced December 2018*




**Bay Area Toll Authority**

**\$126,240,000**

San Francisco Bay Area  
Subordinate Toll Bridge  
Revenue Bonds  
2019 Series S-H

Bank of America Merrill Lynch citi  
Goldman Sachs J.P.Morgan

*Priced February 2019*




**Bay Area Toll Authority**

**\$203,270,000**

San Francisco Bay Area  
Subordinate Toll Bridge  
Revenue Bonds  
2019 Series S-8

Bank of America Merrill Lynch citi  
Goldman Sachs J.P.Morgan

*Priced July 2019*



**Bay Area Toll Authority**

**\$291,730,000**

San Francisco Bay Area  
Toll Bridge Revenue Bonds  
(Variable Rate Bonds)  
2019 Series A, B, C & D

J.P.Morgan Bank of America Merrill Lynch Goldman Sachs

*Priced July 2019*

# Managing the Portfolio

2019 Series S-9 & F-1 (September 2019)



***\$869,195,000 San Francisco Bay Area Toll Bridge Revenue Bonds 2019 Series F-1***

***\$103,535,000 San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds 2019 Series S-9***

- Refunded \$1.052 billion of tax-exempt bonds
  - 2012 Series F-1: \$577 Million
  - 2014 Series F-1: \$200 Million
  - 2014 Series S-6: \$275 Million
- Refunded with \$973 million of taxable bonds
  - First taxable sale since 2010 BABs
  - 6 weeks from kick-off to close
  - Roadshow garnered 148 unique viewers
  - Transaction generated \$3.3+ billion orders, representing 3.5x oversubscription
  - Reduced outstanding principal by \$79 million
- Locked in all-in taxable borrowing rate of 3.06%
  - Average coupon of 4.98% on refunded bonds

## Refinancing Savings

Prior Debt Service	\$2,095,183,250
Net Cash Contributed	- \$228,929,040
New Debt Service	- \$1,385,660,626
<b>Cash Flow Savings</b>	<b>\$480,593,584</b>
<b>Present Value of Cash Flow Savings</b>	<b>\$213,332,757</b>



**Bay Area Toll Authority**

**\$972,730,000**

San Francisco Bay Area  
Toll Bridge Revenue Bonds,  
2019 Series F-1 (Senior) &  
Series S-9 (Subordinate)

Bank of America  
Merrill Lynch

citi

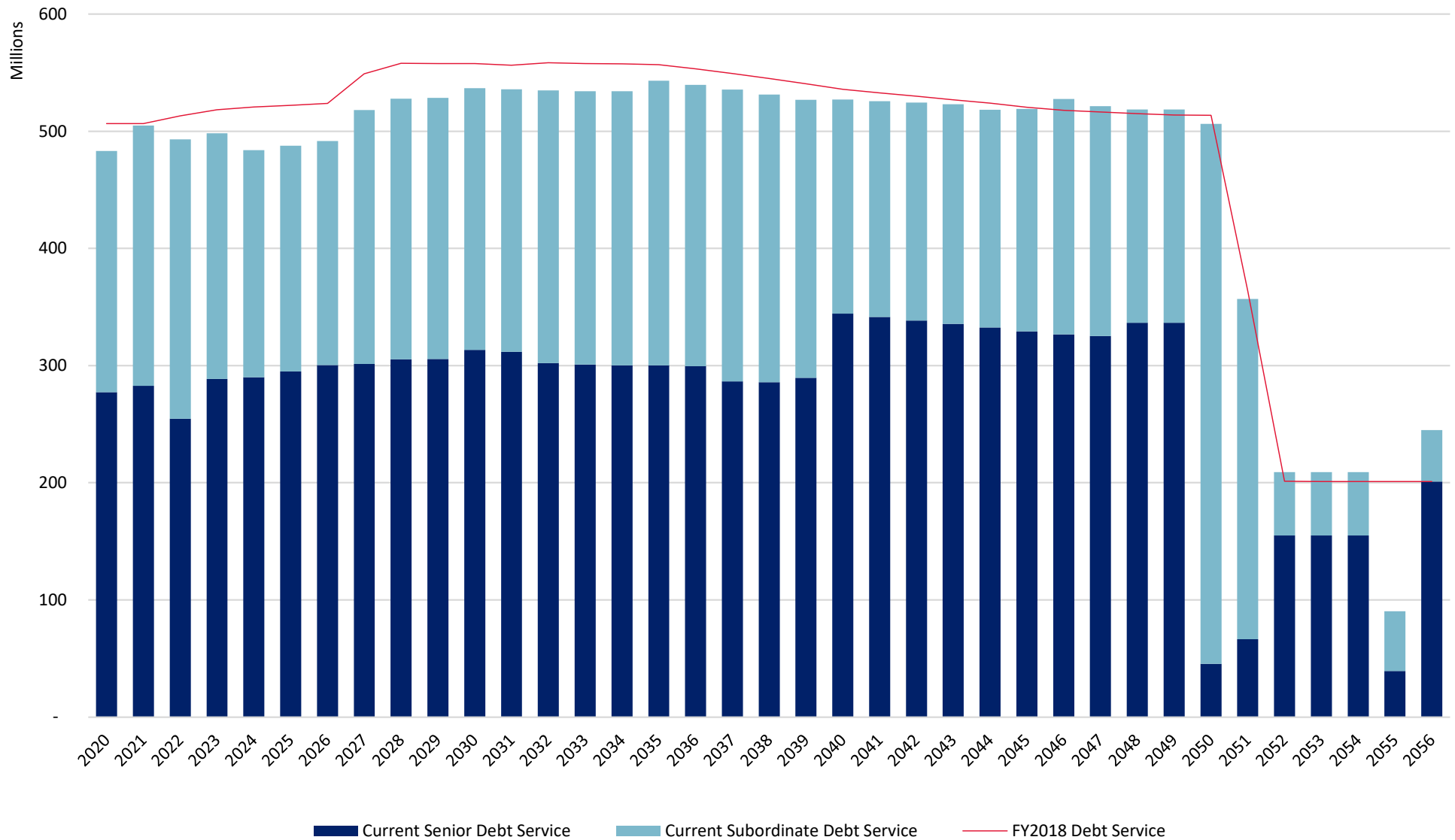
Goldman  
Sachs

J.P.Morgan

*Priced September 2019*

# Managing the Portfolio

## Aggregate Debt Service Before and After

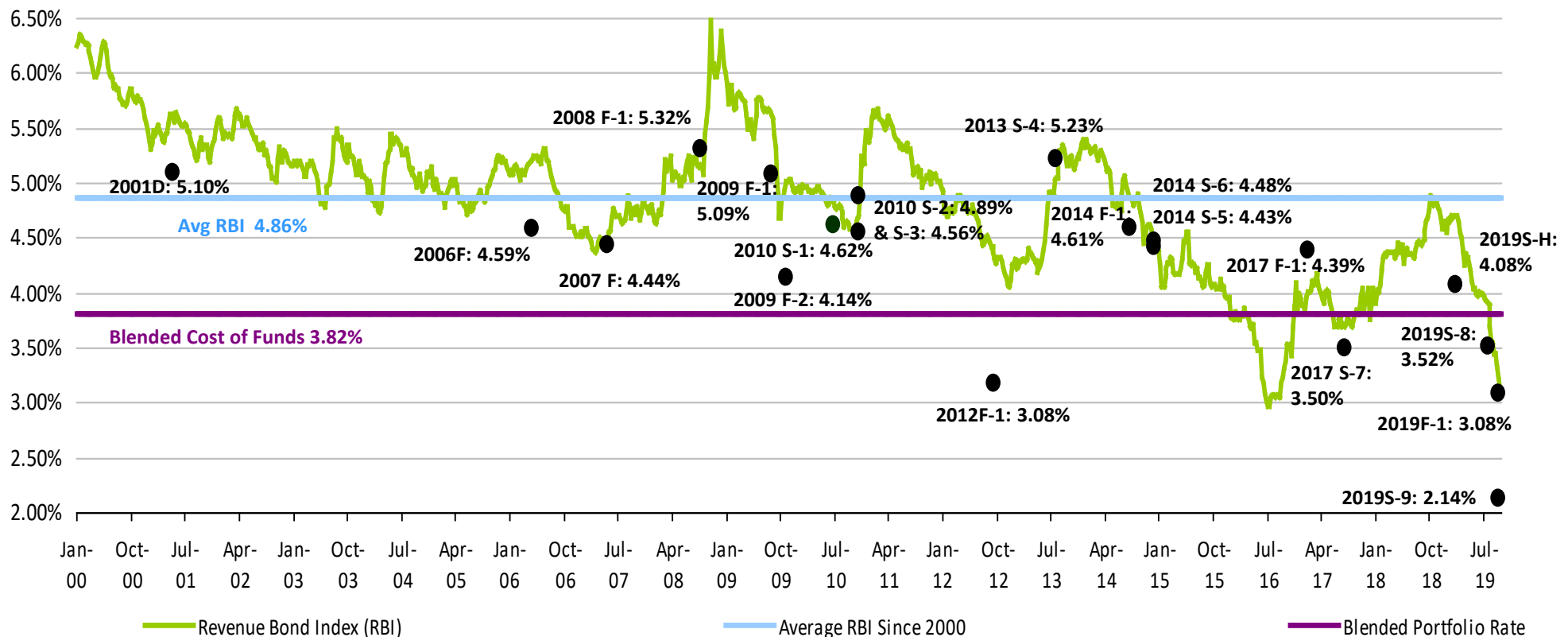


# Blending Down Overall Cost of Funds



- Generated \$481 million of cashflow savings
- Reduced outstanding principal by \$115 million cumulatively since November 2018
- Decreased maximum annual debt service by \$21 million since November 2018
- Shortened average life of the entire portfolio by approx. 0.6 years
- Reduced current all-inclusive cost of funds to approximately 3.82% (Blended Portfolio Rate)

## Historical Interest Rate Market and BATA Fixed Rate Financing





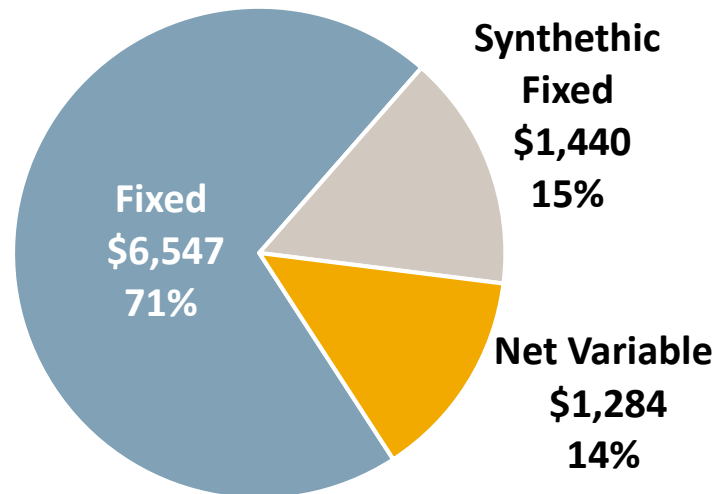
# Overall Debt Profile



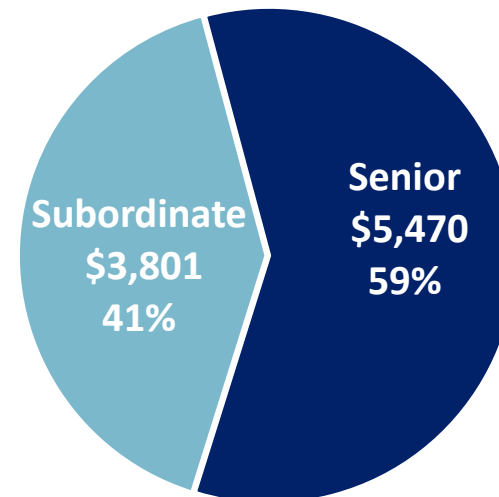
- Over half of BATA's debt is comprised of traditional fixed rate bonds (71%)
- Senior lien is made up of 50% fixed and 50% variable (including synthetic fixed) rate
- Subordinate lien is comprised entirely of fixed rate bonds
- BATA maintains a \$1.28 billion variable rate portfolio
  - Structurally diversified
  - Strong letters of credit that have been recently extended or replaced
  - \$1 billion of variable rate exposure is offset by \$1 billion liquid assets maintained in the BATA hard deck

- 85% of portfolio is insulated from future interest rate fluctuations
- Only 7% of portfolio requires renewal of bank liquidity facilities

**Fixed vs. Variable**  
After 2019 Financings



**Senior vs. Subordinate**  
After 2019 Financings



*Variable rate is an important driver of BATA's low overall cost of capital*

# Next Steps for the Commission



## ***BATA Resolution No. 132***

- Refundings permitted for portfolio administration only
- No new money Authority requests
  - RM3 will have specific financing plan at a future date
- Senior additional bonds certificate
  - Allows conversion from subordinate to senior lien
  - Financial advisor must certify 1.50:1 additional bonds test is met
- Proposed form of issuance documents
  - Official statement
  - Appendix A – updating BATA's financial information
  - Additional Senior Bonds Certificate

## ***BATA Resolution No. 132 Parameters***

- Two-year authorization through December 2021
- Term
  - Tax exempt 40 years
  - Taxable 50 years
- Costs
  - Underwriting fees
    - Tax exempt 1%
    - Taxable 2%
  - Other issuance costs 1%
- Maximum Refunding Rates
  - Senior Lien 5.00%
  - Subordinate Lien 5.25%
  - Taxable Bonds 6.25%
  - Variable Rate Cap 12.00%
- Minimum Refunding Savings 3.0% present value

# Next Steps for the Commission



## *Future Transactions/Debt Management*

- FY 2020: \$25 million “step” coupon bond payment – completed October 2019
- FY 2020: \$68 million refunding of remaining portion of 2012 Series F-1 bonds
- FY 2021: \$372 million refunding of term rate and floating rate bonds (2014 Series E, 2014 Series H and 2017 Series D)

