

# Bay Area Toll Authority Oversight Committee (BATA Oversight)

January 13, 2021

Agenda Item 5a - 20-1721

## **BATA Resolution No. 142 – Authorizing the 2021 Plan of Finance**

---

**Subject:** Staff requests that the Committee refer BATA Resolution No. 142 to the Authority for approval, authorizing the 2021 Plan of Finance; and that the Committee approve the receipt of the Good Faith Estimate of Costs.

The 2021 Plan of Finance provides the authority to administer and maintain the BATA debt portfolio. The toll bridge project debt portfolio is currently \$9.0 billion, consisting of \$2.7 billion variable and \$6.3 billion fixed rate bonds. Resolution 142 authorizes maintenance of the current variable rate portfolio and the issuance of refunding bonds to take advantage of refunding opportunities in the fixed rate portfolio for two years, through January 2023.

There is no new money authority being requested at this time. However, depending on the outcome of Regional Measure 3 (RM3) litigation and potential market opportunities, staff may return in the future with proposed amendments to the 2020 Plan of Finance.

BATA Resolution 142 replaces BATA Resolution 132 approved in November, 2019. BATA Resolution 132 granted administrative authority to manage the debt portfolio through December, 2021. However, because of the changes in traffic and toll collection practices arising from the current health emergency, including the need to update disclosure information related to the pandemic, staff is proposing the updated debt resolution and accompanying documentation.

BATA Resolution No. 142 approves the 2021 Plan of Finance, authorizing the administration of the existing variable rate portfolio and authorizes the potential refunding of existing fixed rate bonds, within certain established parameters. Resolution 142 authorization includes:

### **Variable Rate Portfolio**

Administration of the \$2.7 billion variable rate portfolio including structuring the \$372 million rollover in FY 2021 and \$283 million rollover in FY 2022. Staff is also authorized to manage and replace any credit facilities supporting the variable rate portfolio. The short-term market has been a very successful tool in diversifying the portfolio and keeping debt costs down.

### **Refunding**

The resolution authorizes the refunding of existing fixed rate bonds provided the net present value savings are at least 3.0% or, in the opinion of the Chief Financial Officer, Executive Director and Authority financial advisor, the refunding achieves other important business purposes. Refunding opportunities are an important part of keeping debt costs down. BATA successfully refunded \$1.1 billion in 2017 and another \$973 million in 2019 with present value savings of \$143 million and \$213 million, respectively. While the change in federal tax law eliminating advance refunding, on a tax exempt basis, will limit our future refunding opportunities, our finance team is constantly evaluating the market for savings that meet the minimum threshold of 3%.

### **New Money Bonds**

Staff is not requesting authority for new money bonds. Nevertheless, as long as the market continues to offer extremely aggressive pricing we will continue to look for new money opportunities. Possible opportunities include prefunding rehabilitation projects and the remaining Regional Measure 2 projects. Staff will return to the Authority with an amended Plan of Finance if there are clear opportunities for new project funding, including, depending on the outcome of litigation, the final release of the RM3 escrow.

### **Draft Official Statement**

The draft official statement (OS) represents the form of the principal document used to communicate with investors and disclose material information necessary for an investor to make an investment decision. The document provides the investor with a description of BATA and the purpose of the financing as well as a complete history of BATA and our projects, toll collection and a detailed financial picture. The draft OS includes Appendix A providing updated operating and financial information on the BATA enterprise, including updated disclosure on the Covid-19 Pandemic. The draft OS is presented as Attachment A.

### **Issuance Parameters**

BATA Resolution No. 142 includes specific issuance parameters that must be followed for all financing transactions over the next two years, including:

New Money	None
Term Limit	
Tax exempt	40 years
Taxable	50 years
Interest Rate Cap	
Tax exempt:	

Senior Lien	5.00%
Subordinate Lien	5.25%
Taxable	6.50%
Underwriters' Discount/Fee	
Tax exempt	1.0%
Taxable	2.0%
Other costs	1.0%
Refunding savings	3.0% PV


While we are not requesting new money authority the parameters still apply to any short term rollovers as well as any refunding opportunities the market may present. Refunding parameters are the minimum savings requirement for economic refunding however a refunding may be possible for other purposes with the concurrence of the Chief Financial Officer and Executive Director as well as the Authority financial advisor. All financing parameters are confirmed by our financial advisor, PFM as part of the closing process on each financing transaction.

**Good Faith Estimate**

In accordance with state law, BATA has received a good faith estimate from the Authority financial advisor, PFM Financial Advisors LLC (PFM). The good faith estimate covers four potential financings over the next two years, two planned remarketing maturities as well as two potential refunding opportunities being evaluated for both cash flow and economic benefits. The good faith estimate details true interest costs, fees and charges paid to third parties, total proceeds received and the total principal and interest payments. In addition, PFM certifies all transactions are conducted in accordance with the limitations of Resolution 142 and the authorized debt policy. The good faith estimate is attached to this memorandum.

**Recommendation:** Staff recommends that the Committee refer BATA Resolution No. 142 to the Authority for approval and approve the receipt of the Good Faith Estimate of Costs prepared by PFM. All funds necessary to carry out the proposed financing plan are included in the approved FY 2020-21 budget.

**Attachments:** Good Faith Estimate; and  
BATA Resolution No. 142

  
Therese W. McMillan