Date: January 27, 2021
W.I.: 1254
Referred by: BATA Oversight

ABSTRACT

BATA Resolution No. 142

This resolution authorizes the issuance of refunding 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 Bay Area Toll Authority Oversight Summary Sheet dated January 13, 2021.

Date: January 27, 2021
W.I.: 142
Referred by: BATA Oversight

BAY AREA TOLL AUTHORITY
RESOLUTION NO. 142

WHEREAS, the Bay Area Toll Authority (the "Authority") has outstanding $5,296,625,000 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 $3,696,755,000 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, or (ii) refunding Subordinate Bonds (the "Subordinate Refunding Bonds" and, together with the Senior Refunding Bonds, the "Refunding Bonds") from time to time to refund outstanding Senior Bonds, outstanding Subordinate Bonds, and related obligations, 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 January 31, 2023 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, in whole or in part, including for purposes of specifying alternative reference rates in connection with the anticipated phase out of the London Interbank Offered Rate ("LIBOR"); 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 in connection with, and to reflect the terms and conditions of, the issuance of Refunding Bonds, or the remarketing of Senior Bonds that are variable rate bonds being converted to a new interest rate period, 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 attached as part of the staff report provided 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 (including by bond exchange), 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 over the life of such bonds according to a schedule or the tax status of the bonds, or any combination thereof, to pay (collectively, the "Bond Refunding Costs"):

(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, and swap-related payments), provided that the underwriters' discount (excluding any original issue discount) or underwriting fee 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 designated by the 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 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 pay the Bond Refunding Costs; and

(C) the Refunding Bonds authorized hereby shall not be issued after January 31, 2023 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 January 31, 2023 so long as the forward delivery or delayed delivery purchase contract or other sale agreement is executed prior to January 31, 2023; 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 the tax status of the bonds, 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 Authority's variable interest rate bonds at a price equal to the principal amount of such 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 bonds; 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 Authority's outstanding fixed interest rate bonds, including without limitation in connection with a tender offer undertaken by the Authority, on a date or dates selected by the Authority, provided that the Chief Financial Officer determines (with the advice of the Authority's financial advisor) that it is in the best interests of the Authority to proceed with such purchase to achieve 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, in each case if such officer determines that it is in the best interests of the Authority to so purchase such bonds; and be it further

RESOLVED, that the Authority hereby authorizes the execution of one or more additional reimbursement agreements, credit or liquidity support 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 cause any variable rate Senior Bonds to be remarketed or converted 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, including without limitation for purposes of specifying alternative reference rates in connection with the anticipated phase out of LIBOR, 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, in whole or in part, 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, or the Refunding 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 Role 15c2-12) the Official Statement; and be it further

RESOLVED, that through the period ending January 31, 2023, the Authority hereby authorizes and delegates authority to each Authorized Representative (as defined in the Maser 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 Years ending June 30, 2021 and June 30, 2022, respectively, 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 January 31, 2023; 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 January 31, 2023 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 January 31, 2023; 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, offers to tender or exchange bonds, offers to purchase bonds, tender agent agreements, dealer manager agreements, purchase/repurchase agreements, exchange agreements, credit or liquidity support agreements, reimbursement agreements, swap 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 the anticipated phase out of LIBOR by, among other things, specifying alternative reference rates in connection new or existing swaps, or 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 by tax status of such Refunding Bonds, 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 Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California and at remote locations on January 27, 2021.