

Bay Area Toll Authority Oversight Committee

January 14, 2026

Agenda Item 6c-26-0045

BATA Resolution No. 194 – Authorizing the 2026 Plan of Finance and Receipt of the Good Faith Estimate

Subject:

A request that the Committee refer BATA Resolution No. 194 to the Authority for approval, authorizing the 2026 Plan of Finance and approving receipt of the Good Faith Estimate.

Background:

The 2026 Plan of Finance provides the authority to administer and maintain the BATA debt portfolio. The toll bridge project debt portfolio is currently approximately \$10.0 billion, consisting of \$2.6 billion in short-term bonds and \$7.4 billion in long-term fixed-rate bonds. Resolution 194 authorizes the issuance of up to \$750 million in new money bonds to fund bridge rehabilitation and Regional Measure 3 (RM3) projects and to potentially allow existing subordinate and second subordinate lien bonds to be refinanced on the senior lien of the Authority, if that would be the most efficient refunding structure.

Resolution 194 also authorizes the maintenance of the current variable rate portfolio and the issuance of refunding bonds to take advantage of refunding opportunities in the debt portfolio through April 1, 2027.

New Money

The resolution authorizes up to \$750 million in new money bonds. New money bonds issued would finance a portion of BATA's \$2.3 billion FY 2024-2033 Capital Improvement Plan (CIP) as well as a portion of the \$4.45 billion RM3 program. Per the terms of the senior indenture, Attachment A of the resolution includes calculations confirming that the requirements of the senior indenture's additional bonds test are met for the authorized \$750 million in new money debt.

Self-Liquidity Bonds

Variable rate demand bonds (VRDBs) carry a rate that is reset periodically (weekly or daily in the case of the Authority's outstanding bonds) and give investors the ability to put the bonds back on any business day with appropriate notice. The Authority's existing VRDBs are backed by letters of credit (LOCs) issued by commercial banks and the letter of credit provides funds to purchase the bonds back in the event of an investor put, if the bonds cannot be remarketed to other investors.

The Second Subordinate Indenture, approved in January 2025, added the ability to issue VRDBs that would be backed by a standby bond purchase agreement executed by the Authority (i.e., “self-liquidity”), allowing the Authority to provide funds for the purchase of bonds that were put by investors, and not remarketed. Due to the Authority’s significant fund balances, limited availability and increased cost of letters of credit, and anticipated demand for self-liquidity bonds, staff and the Authority’s municipal advisor, Montague DeRose and Associates (MDA) believe that self-liquidity VRDBs would be appropriate to diversify the Authority’s debt portfolio.

The Authority has not yet issued a series of self-liquidity bonds. The initial issuance of self-liquidity VRDBs could be used for new money, remarketing, or refunding purposes. Staff expects the initial issuance of self-liquidity VRDBs to be in the \$200 million range and that the self-liquidity VRDB program is not expected to exceed \$750 million at full implementation.

Variable Rate Portfolio

The resolution authorizes the administration of the \$2.6 billion short-term portfolio, including \$409.6 million of bonds subject to remarketing by April 1, 2026, \$250 million in bonds secured by LOCs expiring on October 20, 2026, and an additional \$625 million of bonds subject to remarketing by or with LOCs expiring on April 1, 2027. Staff currently expects to refund the \$659.6 million in bonds with 2026 remarketings or LOC expirations with LOC backed VRDBs and term rate bonds. In addition, staff is considering a refunding of \$150 million in floating rate notes that are callable on October 1, 2026 with self-liquidity VRDBs.

Staff would also be authorized to manage and replace any credit facilities supporting the variable rate portfolio and make remarketing agent assignments. Staff currently expects to utilize approximately \$200 million in LOCs from Wells Fargo Bank, N.A. and \$150 million from Bank of America, N.A. (BANA). The BANA LOC will replace a like amount that is expiring in 2026 while Wells Fargo will be a new LOC provider for BATA. These LOC providers were selected through a request for proposal process. The short-term market has been a very successful tool in diversifying the debt portfolio and managing the cost of debt.

Refunding

The resolution authorizes the refunding of existing bonds provided the net present value savings are at least 3.0% or, in the opinion of the Chief Financial Officer and the Executive Director,

with the advice of the Authority's municipal advisor, the refunding achieves other important business purposes. Taking advantage of refunding opportunities is an important part of keeping Authority debt costs down.

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 history of BATA, our projects, toll collections, and a detailed financial picture. The draft OS includes Appendix A, which provides updated operating and financial information on the BATA enterprise. The draft OS is presented as Attachment A to this staff report.

Draft Standby Bond Purchase Agreement

The draft standby bond purchase agreement (SBPA) represents the form of the self-liquidity instrument used to implement the procedures by which the Authority would utilize its existing funds to purchase VRDBs that are issued under the self-liquidity authorization and that are put by investors, and not remarketed. The draft SBPA is presented as Attachment B to this staff report.

Issuance Parameters

BATA Resolution No. 194 includes specific issuance parameters that must be followed for all financing transactions authorized, including:

Issuance Parameters	
New Money par	\$750 million
Term Limit	
Tax-exempt	40 years
Taxable	50 years
Interest Rate Cap	
Tax-exempt	5.50%
Taxable	6.25%

Issuance Parameters

Variable Rate	12%
Variable Rate Bank Bonds	15%
Underwriters' Discount/Fee	
Tax-exempt	0.75%
Taxable	0.75%
Other costs	2.0%
Refunding savings	3% present value

These issuance parameters include maximum amounts, costs, and rates that would be authorized by the resolution; actual rates and costs are expected to be well within these maximums.

Refunding parameters are the minimum savings requirement for an economic refunding; however, a refunding may be possible for other purposes with the concurrence of the Chief Financial Officer and the Executive Director, with the advice of the Authority's municipal advisor. All financing parameters are confirmed by MDA as part of the closing process on each financing transaction.

Underwriting Team

BATA approved an underwriting pool in August of 2023. The senior managers for the upcoming transactions were chosen through a mini-request for proposals (RFP) process that went to the senior manager pool. The mini-RFP responses were reviewed by BATA staff and MDA and evaluated based on structuring recommendations for BATA's upcoming variable rolls, new money, and refunding transactions as well as cost. Barclays and JP Morgan were selected as the senior managers for the transaction, with BofA and Wells Fargo selected as co-senior managers, and Siebert Williams Shank and Cabrera Capital Markets selected as co-managers.

Good Faith Estimate

In accordance with state law, BATA has received a good faith estimate from MDA. The good faith estimate provides estimates for the contemplated transactions including the full \$750 million in authorized new money financing and \$777 million in refunding of short-term bonds. The good faith estimate includes true interest costs, fees and charges paid to third parties, total proceeds received, and the total principal and interest payments. In addition, MDA certifies all transactions are conducted in accordance with the limitations of Resolution 194 and the Authority debt policy.

Issues:

None identified.

Recommendations:

Staff recommends that the Committee refer BATA Resolution No. 194 to the Authority for approval. The funds necessary to carry out the proposed financing plan will come from the approved FY 2025-26 budget, bond proceeds and/or will be included in the FY2026-27 budget, pending approval of the FY2026-27 budget.

Attachments:

- BATA Resolution No. 194
- Attachment A: Draft Official Statement
- Attachment B: Standby Bond Purchase Agreement
- Attachment C: Good Faith Estimate
- Presentation

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