Date:	May 26, 2004	
W.I.:	1254	
Referred by:	BATA Oversight	
Revised:	12/15/04-BATA	12/21/05-BATA
	01/24/07-BATA	02/28/07-BATA
	12/19/07-BATA	02/27/08-BATA
	12/17/08-BATA	04/22/09-BATA
	04/28/10-BATA	09/28/11-BATA
	01/25/12-BATA	01/23/13-BATA
	06/26/13-BATA	

ABSTRACT

BATA Resolution No. 51, Revised

This resolution establishes BATA's debt policy with respect to the issuance and management of BATA debt.

Attachment A to this Resolution was revised on December 15, 2004 to clarify the use of derivative financial products for BATA's debt financings.

Attachment A to this Resolution was revised on December 21, 2005 to expand credit criteria for potential BATA Swap counterparties.

Attachment A to this Resolution was revised on January 24, 2007 to establish counterparty limitation based on credit rankings.

Attachment A to this Resolution was revised on February 27, 2008 to establish counterparty limitation based on credit rankings.

Attachment A to this Resolution was revised on December 17, 2008 to clarify the counterparty's credit rating requirements at the time the transaction is executed.

Attachment A to this Resolution was revised on April 22, 2009, to amend counterparty credit ratings requirements and clarify innovating counterparty credit ratings requirements.

Attachment A to this Resolution is being submitted for the Board's annual review and approval on April 28, 2010 as stipulated in the "Objectives" section of the attachment.

Attachment A to this Resolution is being submitted for the Board's annual approval on September 28, 2011 as stipulated in the "Objectives" section of the attachment.

Attachment A to this Resolution is being submitted for the Board's annual approval on January 25, 2012 as stipulated in the "Objectives" section of the attachment.

Attachment A to this Resolution is being submitted for the Board's annual approval on January 23, 2013 as stipulated in the "Objectives" section of the attachment.

Attachment A to this Resolution was revised on June 26, 2013 for purposes of conformance with the Wall Street Accountability and Transparency Act of 2010 (known as "Dodd-Frank").

Further discussion of this resolution is contained in the Executive Director's memoranda dated April 5, 2004, December 1, 2004, December 7, 2005, January 24, 2007, December 5, 2007, February 6, 2008, December 10, 2008, April 1, 2009, April 7, 2010, September 7, 2011, January 4, 2012, January 2, 2013 and June 5, 2013.

Date: May 26, 2004
W.I.: 1254
Referred by: BATA Oversight

Re: BATA Debt Policy

BAY AREA TOLL AUTHORITY
RESOLUTION No. 51

WHEREAS, Streets and Highways Code Sections 30950 *et seq.* created the Bay Area Toll Authority ("BATA"); and

WHEREAS, Streets and Highways Code §§ 30950 *et seq.* transfers to BATA certain duties and responsibilities of the California Transportation Commission ("CTC") and California Department of Transportation ("Caltrans") for the toll bridges owned and operated by Caltrans in the San Francisco Bay Area; and

WHEREAS, in accordance with Streets and Highways Code § 30950.2, BATA is responsible for programming, administering, and allocating all toll revenues, except revenues from the seismic retrofit surcharge, from state-owned toll bridges within the jurisdiction of the Metropolitan Transportation Commission; and

WHEREAS, Bay Area bridges are defined in Streets and Highways Code § 30910 to include the Antioch, Benicia-Martinez, Carquinez, Richmond-San Rafael, San Francisco-Oakland, San Mateo-Hayward, and Dumbarton Bridges, and

WHEREAS, under Regional Measure One (RM1), the Bay Area Toll Authority issued RM-1 toll revenue bonds of $400 million in May 2001, $300 million in February 2003, with a total expected project financing size of $1 billion; and

WHEREAS, the Bay Area Toll Authority is expected to issue $1.6 billion toll revenue bonds under Regional Measure 2 (RM2) in the future and

WHEREAS, consistent accounting guidelines, credit standards, and securities compliance as proposed by Government Finance Officers Association (GFOA), Government Accounting Standards Board (GASB), Municipal Securities Rulemaking Board (MSRB), and nationally

RESOLVED, that BATA hereby adopts BATA Resolution No. 51, as set forth in Attachment A to this Resolution, and incorporated herein as though set forth at length, which establishes BATA's debt policy with respect to the issuance and management of BATA debt.

BAY AREA TOLL AUTHORITY

Steve Kinsey

The above resolution was first entered into by the
Bay Area Toll Authority at a regular meeting
of the Authority held in Oakland, California,
on May 26, 2004.

Date:	May 26, 2004	
W.I.:	1254	
Referred by:	BATA Oversight	
Revised:	12/15/04-BATA	12/21/05-BATA
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	06/26/13-BATA	

BAY AREA TOLL AUTHORITY
DEBT POLICY

Introduction

The purpose of the Debt Policy is to establish guidelines for the issuance and financial management of the Bay Area Toll Authority's (Authority) debt. This Debt Policy is intended to guide decisions related to any debt issued by the Authority. The Authority recognizes that cost-effective access to the capital markets is highly dependent on sound management of the Authority's debt program.

Objectives

The purpose of the Debt Policy is to assist the Authority in meeting the following objectives:

- issue debt in accordance with established guidelines
- complete an approved capital financing plan
- timely repayment of debt
- maintain the highest of ratings that are consistent with the financing plan
- ensure compliance with applicable State and Federal laws
- assure access to credit markets
- preserve financial flexibility

The Authority's Debt Policy shall be reviewed and updated at least annually and presented to the Board for approval. The Debt Policy requires that the Authority's Board specifically authorize each debt financing by resolution approved by the Board.

I. Long Term Debt Financing

A. The Authority will use the following criteria to evaluate pay-as you-go versus long-term debt financing in funding capital projects.

1) Factors that favor pay-as-you-go:

a) Current revenues and adequate fund balances are available.

b) Project phasing is feasible.

c) Debt levels could adversely affect the Authority's credit rating.

d) Market conditions are unstable or present difficulties in marketing long-term debt.

2) The Authority will consider the use of long-term debt financing for capital projects under, but not limited to, the following circumstances:

a) When the project's useful life will equal or exceed the term of the financing.

b) Revenues available for debt service are considered self-sufficient and reliable so that long term financing can be marketed with an appropriate credit rating.

c) The project that is being considered will not adversely affect the Authority's credit rating.

d) Market conditions present favorable interest rates.

e) High priority projects that result from regional or economical conditions that require use of long term debt.

3) Each debt issuance shall be approved pursuant an individual resolution specifying the following:

a) Total principal-- amount of the bonds.

b) Maximum interest rate, not to exceed 12%.

c) All fees associated with the issuance.

d) Bonds are to be fixed or variable.

e) Any other special terms or conditions.

B. The Authority may use debt in special circumstances for projects other than long-term capital projects. Long-term debt will not be used to fund any ongoing operational costs.

C. The Authority may use lease financing as appropriate means of financing capital facilities, projects and certain equipment. The useful life of the capital equipment, the terms and conditions of the lease and budget flexibility will be evaluated prior to the implementation of the lease obligation. Efforts will be made to fund capital on a pay as you go basis where feasible.

D. No debt shall be issued without approval of the resolution by the Board.

Capital Financing Plan

A Capital Financing Plan will be prepared for each long term debt financing. Analysis must include, but is not limited to, the following requirements:

a) description and availability of all sources of funds

b) timing and priority of capital projects

c) a financing plan which includes but not limited to:
   1) debt coverage
   2) debt covenants

d) debt service requirements

e) effect of projects on debt capacity

f) measurable objectives or goals

Debt Service Reserve Fund

A debt service reserve fund (DSRF) will be funded with every tax exempt bond issue. The reserve will be funded with bond proceeds or a DSRF surety policy provided by a rated bond insurer. A DSRF will not be required on taxable financing if there is no negative or additional cost implications to the financing. An analysis and financing plan will be prepared for each debt financing which analyzes the optimal method and level of funding the DSRF and selecting the appropriate bond insurer to achieve project objectives and support debt service.

II. Short Term Financing

Short term borrowing may be utilized for any purpose for which long term debt may be issued. Additionally, short-term borrowing may be utilized as a source of temporary funding of operational cash flow deficits, of anticipated revenues, of inter-fund borrowing or as an interim source of funding in anticipation of long-term borrowing. Short term debt can be issued as follows, but not limited to:

a) Bond Anticipation Notes (BANs)

b) Tax and Revenue Anticipation Notes (TRANs)

c) Grant Anticipation Notes (GANs)

d) Lines of Credit/Letters of credit

e) Commercial paper (CP)

A financing plan must be submitted prior to the use of short term financing.

III. Variable Rate Debt

The Authority may issue variable rate debt. It is often appropriate to issue variable rate debt to diversify the debt portfolio and improve the match of assets to liabilities. An analysis and budgeting plan will be prepared for each debt financing which analyzes the optimal amount of hedged and unhedged variable rate debt appropriate to achieve project objectives and support debt service.

IV. Credit Enhancements

The Authority may purchase bond insurance, letters of credit or other means of credit enhancement for its borrowing if the credit enhancement improves the credit quality of the bonds and as a result provide the Authority with interest cost savings or other substantial market advantages. An analysis of utilizing credit enhancement instruments will be prepared for each debt financing to determine if there is appropriate value to support purchasing the enhancement.

V. Structured Financial Products (Derivatives)

The Authority may utilize derivative products such as floating-to-fixed and fixed-to-floating rate swaps as a tool to manage interest rate risk or reduce interest rate cost in the debt portfolio. Derivative products will be evaluated on a case-by-case basis to determine the value of potential benefits as well as a clear understanding of structured products.

The Authority will consider the following risk when considering structured products:

1) Counterparty risk: The counterparty's ratings, or the ratings of an entity controlling the counterparty, must be the equivalent of "A+" or better from three nationally recognized rating agencies, and the counterparty must have ratings that are equal to or better than BATA's current ratings from any two nationally recognized rating agencies at the time of the execution of the transaction.

1A. Counterparty Limits:

Corporate *Rating* [(a)]	**Counterparty Security**	**Portfolio Limit**	**Single Firm Limit**
AAA	Collateral	No Limit	No Limit
AAA Agreement	Over-collateralized	No Limit	No Limit
AA [(b)]	Collateral	No Limit	No Limit
A [(b)]	Collateral	No Limit	25%

a) – or equivalent
b) – without graduation

2) Credit risk: Swap agreement will require unilateral posting by the counterparty if it fails to maintain its credit ratings

3) Counterparty exposure risk: The Authority will attempt to use different counterparties to diversify exposure; however, the selection of a counterparty should not be at the expense of pricing or other credit factors.

4) Termination risk: Swap agreement will allow the Authority the unilateral option to terminate the swap at any time with 30 days notice.

5) Rollover risk: All swap transactions will be coterminous with the bonds issued.

6) Amortization risk: The swap will be structured to amortize with the underlying bond.

Structured financial derivative products may not be used for speculative purposes. Derivative products shall not be used for the sole purpose of generating operating or capital proceeds. Prior Board approval is required in order to utilize a derivative product.

7) Novation/Assignment: If counterparty or the entity controlling the counterparty does not maintain ratings conforming to subparagraph (1), the Authority may seek novations and assignments with replacement counterparties to reduce the Authority's exposure. Replacement counterparties must be rated higher than the counterparty being novated but not less than "A-" or equivalent from two rating agencies. In determining eligible novations/assignments, credit limitations in Section 1A shall not apply.

8) Conformance with Dodd-Frank: It is the intent of the Authority to conform this policy to the requirements relating to legislation and regulations for over-the-counter derivatives transactions under Title VII of the Wall Street Transparency and Accountability Act of 2010, as supplemented and amended from time to time (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of the Authority that: (i) each swap advisor engaged or to be engaged by the Authority

will function as the designated qualified independent representative of the Authority, sometimes referred to as the "Designated QIR"; (ii) each swap advisor agrees to meet and meets the requirements specified in Commodity Futures Trading Commission Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor provide a written certification to the Authority to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) the Authority monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) the Authority exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy; and (vi) the Authority rely on the advice of its swap advisor with respect to transactions authorized pursuant to this Debt Policy and not rely on recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy.

VI. Debt Capacity

An analysis and financing plan will be prepared for each debt financing which analyzes the optimal amount of debt capacity to achieve project objectives and support debt service. Debt levels will be maintained at a level consistent with project objectives and creditworthiness goals.

VII. Refunding

Debt issues will be monitored, on an ongoing basis, for potential savings via refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net present value economic benefit of 3% resulting from the refunding. Refundings that are non-economic may be undertaken to achieve other project objectives such as, changes in covenants, call provisions, operational flexibility, tax status, issuer, or the debt service profile. An analysis will be prepared discussing the economic merits of the refunding and presented to the Board.

VIII. Bond Proceeds

Proceeds will be invested in compliance with the provisions of the bond indenture, federal and state tax requirements, and as well as the adopted Investment Policy.

IX. Bond Covenants and Laws

The Authority shall comply with all covenants and requirements of the bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.

X. Continuing Disclosure

In addition to annual audit and reporting disclosures, the finance department shall comply with all continuing disclosure requirements including Rule15(c)2-12 of the Securities and Exchange Commission by filing an annual report with each Nationally Recognized Municipal Securities Information Repository and State Repository, if any, that provides certain required financial information and operating data relevant to bondholders within 270 days of the close of the fiscal year.

XI. Arbitrage and Rebate Compliance

The finance department shall maintain a system of accounts, record keeping and reporting as required under Generally Accepted Accounting Principles (GAAP) bond covenants and resolutions.

The use of bond proceeds and their investments must be monitored to ensure timely compliance with both current and future federal tax arbitrage restrictions. All rebates, if any, shall be made in a timely manner.

XII. Bond Rating Agency

The finance department shall be responsible for maintaining the Authority's relationships with the credit rating agencies. The Authority will maintain a practice of meeting regularly with credit analysts from the bond rating agencies to keep them informed of the Authority's borrowing plans, financial profile, and financial condition.

XIII. Investor Relations

The finance department will make all efforts to keep the various investors informed of current events surrounding the Authority. The finance department will make all efforts to respond to questions from fund managers in a most timely and efficient manner.