BAY AREA TOLL AUTHORITY

Completing the 2014 Plan of Finance

October 8, 2014

The 2014 Plan of Finance

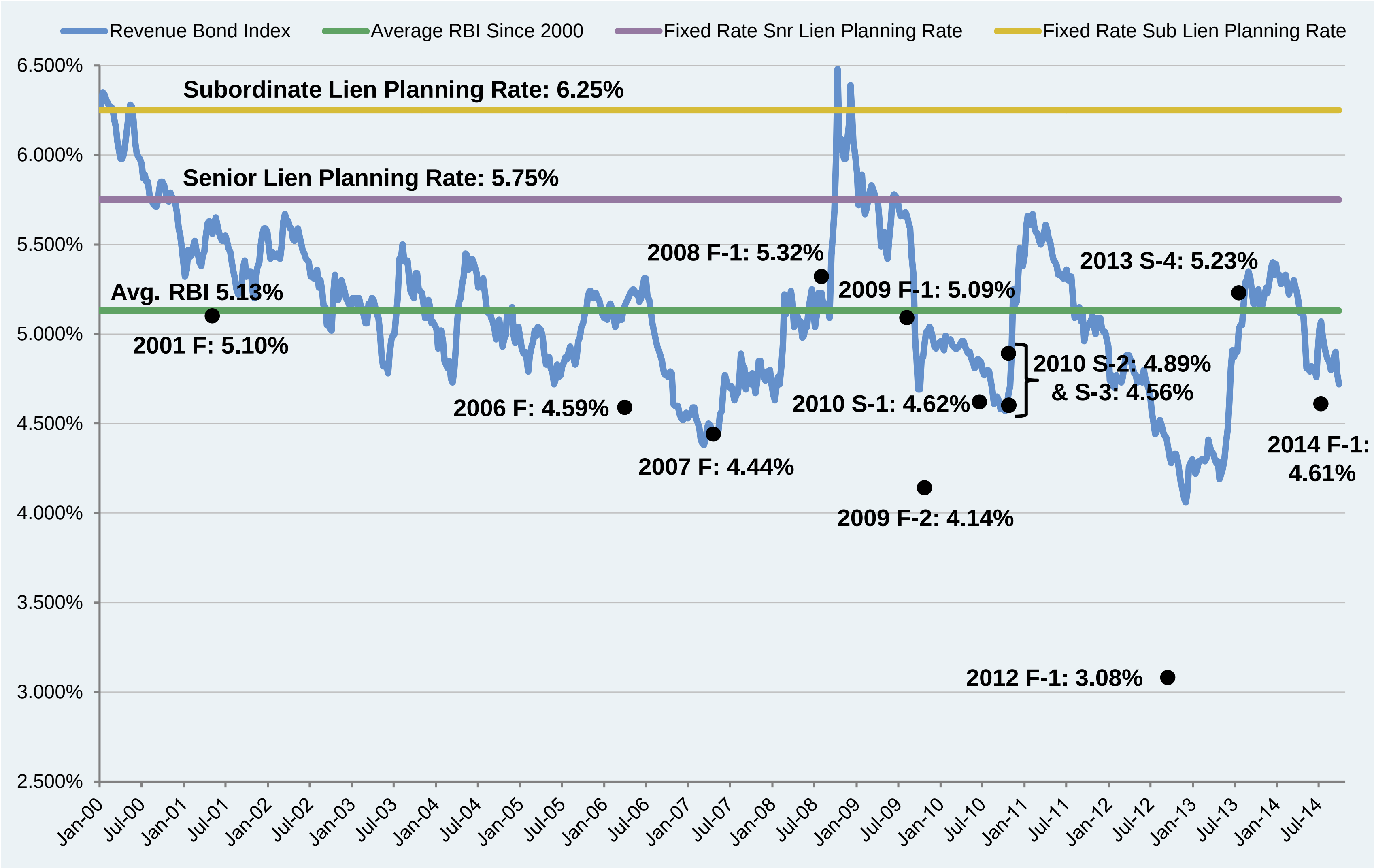
- BATA began the year with a number of objectives :

OBJECTIVE	STRATEGY	RESULT	REMAINING
Complete New Money funding needs of up to $500 million	Long-dated senior lien fixed rate bonds	$200 million of 40-year bonds sold at historically low yields	$300 million balance of completion financing
Introduce more true variable rate and reduce debt portfolio cost	Refund high cost existing fixed rate debt with laddered Put Bonds	Refunding of Series 2008 and partial Series 2009 to generate $158 million of gross savings to 2019	$451 million of 2009 F-1 Bonds outstanding
Remarket VRDBs backed by expiring LOCs	Renewal with enhanced LOC documentation	BATA received strong demand at aggressive pricing for enhanced structure	Closing next week

BATA Continued to Lock in a Low Cost of Funds

- At current market, BATA's pro-forma $6.1 billion fixed rate portfolio will have an effective yield of 4.40%[1]

Historical Interest Rate Market and BATA Fixed Rate Financing

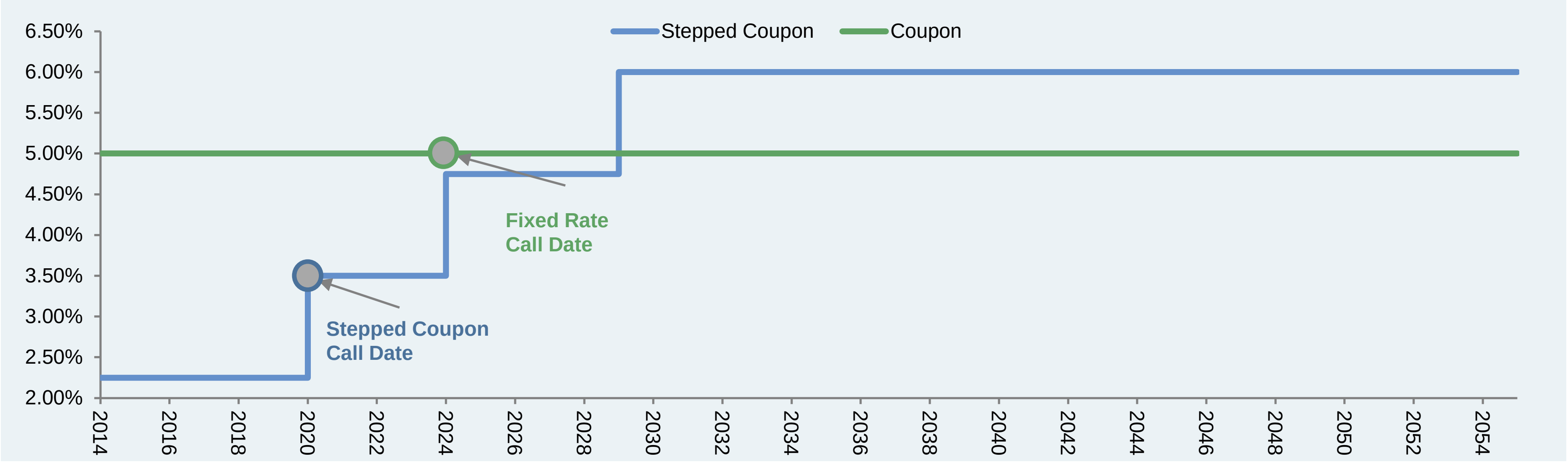


[1]Assumes remaining $300mm of new money issued at same All-in TIC as the 2014 F-1 transaction. Note BABs cost calculated net of the Federal subsidy.

Issue Balance of New Money

- BATA has $300 million in new money authorization remaining for 2014
- Favorable market conditions currently allow BATA to sell 40-year fixed rate bonds at lower rates than current modeling assumptions
  - Current estimate is 4.60% versus assumed planning rate:
    - 5.75% Senior Lien = $137 million
    - 6.25% Junior Lien = $198 million
- Current market also allows BATA to incorporate a fixed rate “Step-Coupon” structure
  - Further diversifies portfolio while generating lower up-front debt costs
  - True retail product allows BATA to expand investor base
  - Taken to maturity, costs are the same or slightly lower than a traditional 40 year bond

Stepped Coupon Bond Pricing



Rates as of September 22, 2014. Fixed coupon bond assumes 5% coupon, 10-year par call. Stepped coupon bond assumes 2.25% coupon from dated date to and including April 1, 2019; 3.50% coupon from April 2, 2019 to and including April 1, 2024, 4.75% coupon from April 2, 2024 to and including April 1, 2029 maturity, and 6% coupon from April 2, 2029 until maturity .

Refunding Opportunity

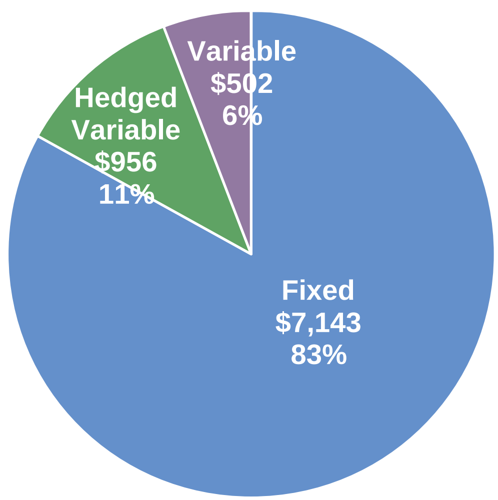
- **Completed refunding**
  - On August 5, 2014, BATA successfully completed the refunding of $1.025 billion - 2008 Series F-1 and 2009 Series F-1 Bonds
    - Average coupon: 5.19%
    - Refunding Size: $1.20 billion
  - Bata utilized a Put Bond structure allowing BATA to refund the fixed rate debt with a type of variable rate bond
  - The Put Bond has a fixed cost through an initial “Put Date,” 2019
  - After the “Put Date” BATA expects to remarket the bonds in traditional variable rate mode
  - The structure locks in $158 million ($148 million PV) in debt service savings through 2019
  - Future savings determined by future interest rate levels

- **Proposed Refunding**
  - BATA can continue to take advantage of the short-term market to generate additional cashflow savings by repeating the success of the earlier refunding
  - Outstanding 2009 Series F-1 Bonds – $451 million
    - Average coupon: 5.04%
    - Refunding Size: $521 million
  - Expected refunding rate of 2.08% will generate $50 million in debt service savings ($47 million PV)
  - After 2019 BATA expects to remarket the bonds in traditional variable rate mode
  - Starting with a floating rate structure today, versus a Put Bond structure, increases potential savings by $16 - $32 million, depending on interest rate assumptions

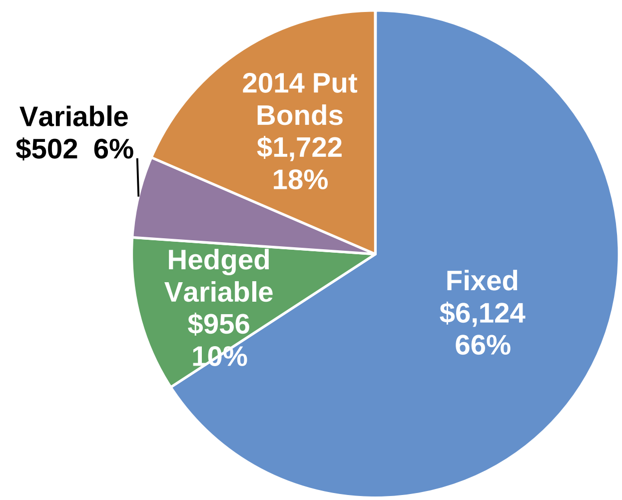
Considerations

- Refunding requires an increase in principal
  - Covers interest through call date
  - Additional principal can be retired at the call date
- A Put Bond structure locks in savings through the Put Dates on the Bonds but savings thereafter subject to market conditions
- Utilization of a floating rate structure initially can generate more savings; however, the savings cannot be guaranteed
  - 10-year Average SIFMA (1.32%): Additional $17 million in present value savings
  - Current Market: Additional $32 million in present value savings
- At completion, BATA will have 24% net variable rate debt[1,2]
  - $6.1 billion fixed rate
  - $3.2 billion variable rate ($956 million, or 10% is hedged)
  - $2.2 billion subject to interest rate risk. Risk of rising rate somewhat offset by earnings on BATA assets

Fixed vs. Variable ($mm) – *Before 2014 Refundings*[2]



Fixed vs. Variable ($mm) – *After 2014 Refundings*[1,2]



[1]Includes $300mm of remaining fixed rate new money and $521.2mm of variable rate debt for 2009F-1 refunding.
[2]Hedged amount of $955.9 million includes $1.4 billion of fixed payer swaps and $484.1 million of fixed receiver swaps.

Conclusion

2013 Results

SPAN Savings:	$85 mm
Retired Principal:	$163 mm
2013 Refunding Savings:	$66 mm

2014 Completed

- $200 million of new money
  - 4.60% funding cost, lowers debt service cost by $85 million versus planning rate
- $1.2 billion in refunding bonds
  - $158 million in debt service savings through 2019
- New enhanced Letters of Credit save BATA $2.1 million per year

2014 Remaining

- $300 million proposed new money
  - Historically low interest rate environment
- $450 million additional refunding bonds
  - Saves BATA $50 million through 2019

Proposed Timeline

Event	Date
Board Approval - Preliminary Official Statement	October 22
Rating Agency Meetings	Week of October 20
Print Preliminary OS	Week of November 3
Marketing	Week of November 10
Pricing	Week of November 17
Closing	Wednesday, December 3