Please see Addendum immediately following this cover page

Supplement No. 2 Dated October 22, 2010 to Information Statement Dated October 13, 2010

EXISTING ISSUE
REOFFERING — BOOK-ENTRY ONLY

Investors must review the Authority's Information Statement dated October 13, 2010 attached hereto together with this Supplement No. 2 to make an informed investment decision concerning the securities described herein.

RATINGS:
(See "SUMMARY OF REOFFERING" and "RATINGS")

On the respective dates of issuance of the Reoffered Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, delivered an opinion with respect to the Series of the Reoffered Bonds issued on such date to the effect that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on such Series of Reoffered Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Each of Bond Counsel's opinions further stated that interest on such Series of Reoffered Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Reoffered Bonds. In connection with the substitution of liquidity and credit facilities and remarketing of the Reoffered Bonds, Bond Counsel will deliver its opinion that such substitution and remarketing will not, in and of itself, adversely affect the tax-exempt status of the Reoffered Bonds. Bond Counsel is not rendering any opinion on the current tax status of the Reoffered Bonds. See "TAX MATTERS" herein for additional information.

$1,457,760,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2001 Series A; 2006 Series C-1, C-2, C-3 and C-4; 2007 Series A-1, C-1, G-1, A-2, B-2, C-2, D-2 and E-3; and 2008 Series A-1, B-1, C-1, D-1, E-1 and G-1 Variable Rate Demand Bonds (2010 Reoffering)

The Bay Area Toll Authority (the "Authority") Information Statement dated October 13, 2010 and this Supplement No. 2 together comprise the Reoffering Circular (collectively, the "Reoffering Circular") for the Authority's San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A; 2006 Series C-1, C-2, C-3 and C-4; 2007 Series A-1, C-1, G-1, A-2, B-2, C-2, D-2 and E-3; and 2008 Series A-1, B-1, C-1, D-1, E-1 and G-1 (collectively, the "Reoffered Bonds") reoffered hereby. Investors must read the entire Reoffering Circular to obtain information essential to making an informed investment decision.

The Authority administers the toll revenues from the seven state-owned toll bridges in the San Francisco Bay area. Information about the Authority, the Authority's bridge system, the Authority's capital projects and the security and sources of payment for the Reoffered Bonds is contained in the Information Statement. The Reoffered Bonds were issued and are outstanding pursuant to a Master Indenture, dated as of May 1, 2001 (as amended and supplemented, the "Indenture"), between the Authority and Union Bank, N.A., as trustee.

The Authority is replacing the liquidity facilities for each Series of Reoffered Bonds with letters of credit issued by the financial institutions named in the SUMMARY OF REOFFERING following this cover page. In connection with this change, the Authority elected to purchase the Reoffered Bonds in a mandatory tender and remarket the Reoffered Bonds as described in this Reoffering Circular. The proceeds of this remarketing will pay the purchase price of the tendered Reoffered Bonds.

The Reoffered Bonds will continue to bear interest at a Weekly Rate. The interest rates for each Series will be set by the remarketing agent for that Series. The aggregate principal amount, interest rate determination method, interest payment dates, maturity date, authorized denominations, liquidity and credit support arrangements, and other information relating to the Reoffered Bonds are summarized in the SUMMARY OF REOFFERING following this cover page. Investors may purchase Reoffered Bonds in book-entry form only.

Payments of principal of and interest on the Reoffered Bonds will be made from draws on the Letter of Credit for each Series of Reoffered Bonds shown in the SUMMARY OF REOFFERING.

The Reoffered Bonds are subject to mandatory sinking fund redemption by the Authority prior to maturity as described in the Reoffering Circular. The Reoffered Bonds also are subject to optional redemption by the Authority prior to maturity as described in the Reoffering Circular.

The Reoffered Bonds may be tendered on any business day upon prior notice by Bond owners for purchase and remarketing. Funds for the purchase of Reoffered Bonds that are not successfully remarketed will be drawn under the Letter of Credit supporting each Series of Reoffered Bonds. The expiration dates of the Letters of Credit are shown in the SUMMARY OF REOFFERING. The Authority is not required to purchase Reoffered Bonds with funds other than remarketing proceeds or funds drawn under the Letters of Credit.

The Authority is not obligated to pay the Reoffered Bonds except from draws on the Letters of Credit and from Revenue as defined and provided in the Indenture. The Reoffered Bonds are limited obligations of the Authority and do not constitute an obligation of the State, the Metropolitan Transportation Commission or of any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any other political subdivision of the State or of any other entity, including the Authority.

By purchasing the Reoffered Bonds, investors are deemed to have consented to a proposed amendment to the Indenture concerning the treatment of certain interest subsidy payments from the federal government as further described herein.

Certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and by its general counsel, and for the Remarketing Agents by their counsel, Nixon Peabody LLP. The Authority expects that the remarketed Reoffered Bonds will be available for delivery through DTC on or about November 1, 2010.

Barclays Capital	**BofA Merrill Lynch**	**Citi**	**De La Rosa & Co.**
Goldman, Sachs & Co.	**J.P. Morgan**	**Morgan Stanley**	**Stone & Youngberg**

Addendum dated October 29, 2010 to
Supplement No. 2 dated October 22, 2010 to
Information Statement dated October 13, 2010

Credit Ratings

The assigned long-term ratings for all series of Reoffered Bonds (effective upon delivery of the Letters of Credit) are either the same as or higher than the expected long-term ratings reported under “SUMMARY OF REOFFERING” and referred to under “RATINGS.” The assigned long-term ratings are based on a combination of the Authority's long-term ratings and the long-term ratings of the Letter of Credit Providers. The assigned long-term ratings for all series of Reoffered Bonds are “Aa1” (Moody's), “AAA” (Standard & Poor's), and “AA+” (Fitch).

Corrections

All Reoffered Bonds of a Series are required to have the same Interest Rate Determination Method. Different Series could have different Interest Rate Determination Methods. At page 3, the Supplement states (incorrectly) that all Reoffered Bonds must have the same Interest Rate Determination Method.

The letter of credit provider Bank of America, N.A. has a long term rating of “A+” and a short-term rating of “F1+” from Fitch, but the outlook is negative. At page V-2, the Supplement states (incorrectly) that the outlook is stable.

Subsequent Development

On October 27, 2010, the Authority sold $885,000,000 aggregate principal amount of its fixed rate San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-2 and 2010 Series S-3. The expected delivery date of these bonds is November 4, 2010.

Bond Purchases

The Trustee will make each purchase drawing under a Credit Support Instrument in an amount equal to the Purchase Price for the Bonds being purchased less the amount of remarketing proceeds, if any, that the Trustee has received from the applicable Remarketing Agent for the Bonds by the time that is thirty minutes prior to the latest time for submitting purchase draw requests under the applicable Credit Support Instrument. Remarketing Agents for the Reoffered Bonds will be required to transfer to the Trustee the proceeds of any remarketing that has occurred by 12:15 p.m., instead of 2:00 p.m. (as described in Appendix B to the Information Statement), thereby assisting the Trustee to determine whether it is necessary to obtain funds under a Credit Support Instrument to purchase tendered Bonds.

SUMMARY OF REOFFERING
$1,457,760,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
Variable Rate Demand Bonds (2010 Reoffering)

	$150,000,000 2001 Series A Bonds	**$125,000,000 2006 Series C-1 Bonds**	**$100,000,000 2006 Series C-2 Bonds**	**$25,000,000 2006 Series C-3 Bonds**
Maturity Date:	April 1, 2036	April 1, 2045	April 1, 2045	April 1, 2045
Price:	100%	100%	100%	100%
Authorized Denominations:	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof
Initial Interest Rate Determination Method*:	Weekly Rate	Weekly Rate	Weekly Rate	Weekly Rate
Interest Payment Dates:	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010
Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
Letter of Credit Provider:	Barclays Bank PLC, acting through its New York Branch	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	Morgan Stanley Bank, N.A.	Lloyds TSB Bank PLC, acting through its New York Branch
Letter of Credit Expiration:	October 31, 2014	November 1, 2013	November 1, 2013	November 1, 2013
Remarketing Agent:	Barclays Capital Inc.	J.P. Morgan Securities LLC	Morgan Stanley & Co. Incorporated	Goldman, Sachs & Co.
Expected Short Term Ratings Moody's/S&P/Fitch:**	VMIG 1/A-1+/F1+	VMIG 1/A-1/F1	VMIG 1/A-1/F1	VMIG 1/A-1/F1+
Expected Long Term Ratings Moody's/S&P/Fitch:**	Aa3/AA-/AA-	Aa2/A+/A	A1/A+/A	Aa3/A+/AA-
CUSIP No.†:	072024 KM3	072024 NH1	072024 NF5	072024 NK4

* Upon satisfaction of certain conditions set forth in the Indenture, the Reoffered Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all Reoffered Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE REOFFERED BONDS."

This Reoffering Circular is not intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the Reoffered Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE REOFFERED BONDS."

** Based on the current ratings of the Letter of Credit Providers.

† CUSIP information herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Remarketing Agents assume any responsibility for the accuracy of such numbers.

SUMMARY OF REOFFERING (continued)

	\$25,000,000 2006 Series C-4 Bonds	**\$50,000,000 2007 Series A-1 Bonds**	**\$50,000,000 2007 Series C-1 Bonds**	**\$50,000,000 2007 Series G-1 Bonds**
Maturity Date:	April 1, 2045	April 1, 2047	April 1, 2047	April 1, 2047
Price:	100%	100%	100%	100%
Authorized Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof
Initial Interest Rate Determination Method*:	Weekly Rate	Weekly Rate	Weekly Rate	Weekly Rate
Interest Payment Dates:	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010
Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
Letter of Credit Provider:	Lloyds TSB Bank PLC, acting through its New York Branch	Bank of America, N.A.	JPMorgan Chase Bank, National Association	JPMorgan Chase Bank, National Association
Letter of Credit Expiration:	November 1, 2013	October 31, 2014	October 31, 2014	October 31, 2014
Remarketing Agent:	E. J. De La Rosa & Co., Inc.	J.P. Morgan Securities LLC	Morgan Stanley & Co. Incorporated	Barclays Capital Inc.
Expected Short Term Ratings Moody's/S&P/Fitch:**	VMIG 1/A-1/F1+	VMIG 1/A-1/F1+	VMIG 1/A-1+/F1+	VMIG 1/A-1+/F1+
Expected Long Term Ratings Moody's/S&P/Fitch:**	Aa3/A+/AA-	Aa3/A+/A+	Aa1/AA-/AA-	Aa1/AA-/AA-
CUSIP No.†:	072024 NM0	072024 KQ4	072024 KW1	072024 KJ0

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* Upon satisfaction of certain conditions set forth in the Indenture, the Reoffered Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all Reoffered Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE REOFFERED BONDS."

This Reoffering Circular is <u>not</u> intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the Reoffered Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE REOFFERED BONDS."

** Based on the current ratings of the Letter of Credit Providers.

† CUSIP information herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Remarketing Agents assume any responsibility for the accuracy of such numbers.

SUMMARY OF REOFFERING (continued)

	$75,000,000 2007 Series A-2 Bonds	**$75,000,000 2007 Series B-2 Bonds**	**$25,000,000 2007 Series C-2 Bonds**	**$100,000,000 2007 Series D-2 Bonds**
Maturity Date:	April 1, 2047	April 1, 2047	April 1, 2047	April 1, 2047
Price:	100%	100%	100%	100%
Authorized Denominations:	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof
Initial Interest Rate Determination Method[*]:	Weekly Rate	Weekly Rate	Weekly Rate	Weekly Rate
Interest Payment Dates:	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010
Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
Letter of Credit Provider:	Union Bank, N.A.	JPMorgan Chase Bank, National Association	Union Bank, N.A.	JPMorgan Chase Bank, National Association
Letter of Credit Expiration:	October 31, 2014	October 31, 2014	October 31, 2014	October 31, 2014
Remarketing Agent:	J.P. Morgan Securities LLC	Citigroup Global Markets Inc.	Stone & Youngberg LLC	Merrill Lynch, Pierce, Fenner & Smith Incorporated
Expected Short Term Ratings[**] Moody's/S&P/Fitch:	VMIG 1/A-1/F1	VMIG 1/A-1+/F1+	VMIG 1/A-1/F1	VMIG 1/A-1+/F1+
Expected Long Term Ratings[**] Moody's/S&P/Fitch:	A2/A+/A	Aa1/AA-/AA-	A2/A+/A	Aa1/AA-/AA-
CUSIP No.[†]:	072024 KR2	072024 KV3	072024 KE1	072024 KC5

[*] Upon satisfaction of certain conditions set forth in the Indenture, the Reoffered Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all Reoffered Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE REOFFERED BONDS."

This Reoffering Circular is <u>not</u> intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the Reoffered Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE REOFFERED BONDS."

[**] Based on the current ratings of the Letter of Credit Providers.

[†] CUSIP information herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Remarketing Agents assume any responsibility for the accuracy of such numbers.

SUMMARY OF REOFFERING (continued)

	\$100,000,000 2007 Series E-3 Bonds	**\$110,000,000 2008 Series A-1 Bonds**	**\$110,000,000 2008 Series B-1 Bonds**	**\$25,000,000 2008 Series C-1 Bonds**
Maturity Date:	April 1, 2047	April 1, 2045	April 1, 2045	April 1, 2045
Price:	100%	100%	100%	100%
Authorized Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof
Initial Interest Rate Determination Method*:	Weekly Rate	Weekly Rate	Weekly Rate	Weekly Rate
Interest Payment Dates:	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010
Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
Letter of Credit Provider:	Bank of America, N.A.	JPMorgan Chase Bank, National Association	Bank of America, N.A.	Union Bank, N.A.
Letter of Credit Expiration:	October 31, 2014	October 31, 2014	October 31, 2014	October 31, 2014
Remarketing Agent:	Morgan Stanley & Co. Incorporated	JPMorgan Securities LLC	Citigroup Global Markets Inc.	Stone & Youngberg LLC
Expected Short Term Ratings Moody's/S&P/Fitch:**	VMIG 1/A-1/F1+	VMIG 1/A-1+/F1+	VMIG 1/A-1/F1+	VMIG 1/A-1/F1
Expected Long Term Ratings Moody's/S&P/Fitch:**	Aa3/A+/A+	Aa1/AA-/AA-	Aa3/A+/A+	A2/A+/A
CUSIP No.†:	072024 KX9	072024 NA6	072024 HZ8	072024 JA1

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* Upon satisfaction of certain conditions set forth in the Indenture, the Reoffered Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all Reoffered Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE REOFFERED BONDS."

This Reoffering Circular is <u>not</u> intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the Reoffered Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE REOFFERED BONDS."

** Based on the current ratings of the Letter of Credit Providers.

† CUSIP information herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Remarketing Agents assume any responsibility for the accuracy of such numbers.

SUMMARY OF REOFFERING (continued)

	$155,000,000 2008 Series D-1 Bonds	**$57,760,000 2008 Series E-1 Bonds**	**$50,000,000 2008 Series G-1 Bonds**
Maturity Date:	April 1, 2045	April 1, 2045	April 1, 2045
Price:	100%	100%	100%
Authorized Denominations:	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof	$100,000 or any integral multiple of $5,000 in excess thereof
Initial Interest Rate Determination Method*:	Weekly Rate	Weekly Rate	Weekly Rate
Interest Payment Dates:	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010	First Business Day of each calendar month commencing December 1, 2010
Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
Letter of Credit Provider:	Lloyds TSB Bank PLC, acting through its New York Branch	Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch	Bank of America, N.A.
Letter of Credit Expiration:	November 1, 2013	October 31, 2014	October 31, 2014
Remarketing Agent:	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Morgan Stanley & Co. Incorporated	Merrill Lynch, Pierce, Fenner & Smith Incorporated
Expected Short Term Ratings Moody's/S&P/Fitch:**	VMIG 1/A-1/F1+	VMIG 1/A-1/F1	VMIG 1/A-1/F1+
Expected Long Term Ratings Moody's/S&P/Fitch:**	Aa3/A+/AA-	Aa2/A+/A	Aa3/A+/A+
CUSIP No.†:	072024 JB9	072024 JD5	072024 JC7

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* Upon satisfaction of certain conditions set forth in the Indenture, the Reoffered Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all Reoffered Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE REOFFERED BONDS."

This Reoffering Circular is not intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

While in a Daily Rate Period or a Weekly Rate Period, the Reoffered Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date. See "DESCRIPTION OF THE REOFFERED BONDS."

** Based on the current ratings of the Letter of Credit Providers.

† CUSIP information herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Remarketing Agents assume any responsibility for the accuracy of such numbers.

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IMPORTANT NOTICES

The Authority is providing information about the Reoffered Bonds in two related documents: (1) the accompanying Information Statement dated October 13, 2010 attached hereto, which provides information about the Authority, and (2) this Supplement No. 2, which describes the specific terms of the Reoffered Bonds. Together, these documents and all appendices thereto comprise the Reoffering Circular for the San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A; 2006 Series C-1, C-2, C-3 and C-4; 2007 Series A-1, C-1, G-1, A-2, B-2, C-2, D-2 and E-3; and 2008 Series A-1, B-1, C-1, D-1, E-1 and G-1 reoffered hereby and are referred to collectively as the "Reoffering Circular." **All references to the "Information Statement" mean the Information Statement dated October 13, 2010.**

The Information Statement includes a detailed discussion of the revenues pledged as security for the Reoffered Bonds, the outstanding Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds and Parity Obligations, other obligations the Authority may issue or enter into in the future, its rights to issue additional Bonds, the financial tests that are imposed as preconditions to their issuance, and other matters relating to the Authority and the Bridge System.

The Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Reoffered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Authority, the State of California Department of Transportation ("Caltrans") and other sources that are believed by the Authority to be reliable. The Remarketing Agents have provided the following sentence for inclusion in the Reoffering Circular. The Remarketing Agents have reviewed the information in the Reoffering Circular in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in the Reoffering Circular. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Remarketing Agent.

The Reoffering Circular is not to be construed as a contract with the purchasers of the Reoffered Bonds.

This Supplement No. 2 speaks only as of its date and the Information Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of the Reoffering Circular nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the respective dates hereof. The Reoffering Circular is submitted with respect to the reoffering of the Reoffered Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of the Reoffering Circular and its distribution have been duly authorized and approved by the Authority.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Capitalized terms used but not defined herein are defined in APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE–Definitions" in the Information Statement.

In connection with the reoffering of the Reoffered Bonds, the Remarketing Agents may over-allot or effect transactions that stabilize or maintain the market prices of the Reoffered Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Remarketing Agents may offer and sell the Reoffered Bonds to dealers, institutional investors and others at prices lower than the public offering prices stated in the Summary of Reoffering and such public offering prices may be changed from time to time by the Remarketing Agents.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THE REOFFERING CIRCULAR

Some statements contained in the Reoffering Circular reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," expect," "intend," "believe," "plan," "budget," and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in the Reoffering Circular.

The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

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SUPPLEMENT NO. 2 TO INFORMATION STATEMENT DATED OCTOBER 13, 2010

$1,457,760,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
Variable Rate Demand Bonds (2010 Reoffering)

INTRODUCTION

This Reoffering Circular, consisting of the Information Statement dated October 13, 2010 including all Appendices thereto (the "Information Statement") attached hereto and this Supplement No. 2 including all Appendices hereto (collectively, the "Reoffering Circular"), provides information concerning the remarketing by the Bay Area Toll Authority (the "Authority") of $1,457,760,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds (the "Reoffered Bonds"). Investors must review the entire Reoffering Circular to make an informed investment decision concerning the Reoffered Bonds. The Reoffered Bonds are comprised of:

Amount ($)	Series	Reoffered Interest Rate Mode
150,000,000	2001 Series A	Weekly Rate
125,000,000	2006 Series C-1	Weekly Rate
100,000,000	2006 Series C-2	Weekly Rate
25,000,000	2006 Series C-3	Weekly Rate
25,000,000	2006 Series C-4	Weekly Rate
50,000,000	2007 Series A-1	Weekly Rate
50,000,000	2007 Series C-1	Weekly Rate
50,000,000	2007 Series G-1	Weekly Rate
75,000,000	2007 Series A-2	Weekly Rate
75,000,000	2007 Series B-2	Weekly Rate
25,000,000	2007 Series C-2	Weekly Rate
100,000,000	2007 Series D-2	Weekly Rate
100,000,000	2007 Series E-3	Weekly Rate
110,000,000	2008 Series A-1	Weekly Rate
110,000,000	2008 Series B-1	Weekly Rate
25,000,000	2008 Series C-1	Weekly Rate
155,000,000	2008 Series D-1	Weekly Rate
57,760,000	2008 Series E-1	Weekly Rate
50,000,000	2008 Series G-1	Weekly Rate

The Authority administers toll revenue collections and finances improvements for seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (the "Bridge System"). Information about the Authority, its finances, its projects, the Bridge System and the security for the Reoffered Bonds appears in the Information Statement.

The Reoffered Bonds are being remarketed by the Authority upon a mandatory tender of such Bonds in connection with the substitution of letters of credit for the prior liquidity facilities. The proceeds of the remarketing will be used to pay the purchase price of the tendered Reoffered Bonds.

By purchasing the Reoffered Bonds, investors are deemed to have consented to a proposed amendment to the Indenture concerning the treatment of certain interest subsidy payments from the federal government as further described under "PROPOSED BUILD AMERICA BONDS AMENDMENT TO INDENTURE" below.

DESCRIPTION OF THE REOFFERED BONDS

General

Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, as amended from time to time, the "Act") authorize the Authority to issue revenue bonds, including the Reoffered Bonds, to finance and refinance the construction, improvement and equipping of the Bridge System and other transportation projects authorized by the Act.

The Reoffered Bonds were issued and are outstanding pursuant to a Master Indenture, dated as of May 1, 2001, as supplemented and amended (the "Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Trustee"). The Reoffered Bonds will bear interest from November 1, 2010, the most recent Interest Payment Date to which interest will have been paid, and will mature on the dates shown in the SUMMARY OF REOFFERING. References herein to a "Series" of Reoffered Bonds refer to Reoffered Bonds of a given Series or subseries, as applicable.

Payments of principal of and interest on the Reoffered Bonds will be made from draws on the Letter of Credit securing each Series of the Reoffered Bonds as shown in the SUMMARY OF REOFFERING. The obligation of the Authority to timely reimburse each Letter of Credit Provider under the Reimbursement Agreement is on parity with the Authority's obligation to pay the Reoffered Bonds. See "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT."

The Reoffered Bonds may be purchased in book-entry form only. The Reoffered Bonds have been registered in the name of a nominee of The Depository Trust Company ("DTC"), which acts as securities depository for the Reoffered Bonds. Beneficial Owners of the Reoffered Bonds will not receive certificates representing their ownership interests in the Reoffered Bonds purchased. The Authority will make payments of principal of and interest on the Reoffered Bonds to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Reoffered Bonds is the responsibility of DTC's Direct and Indirect Participants and not the Authority. See APPENDIX I – "BOOK-ENTRY ONLY SYSTEM."

Upon remarketing, the Reoffered Bonds will continue to bear interest at the Weekly Rate determined as described below under "— Interest Rate Determination Methods." The interest rate for each Series will be set by the remarketing agent for that Series. Interest on Reoffered Bonds bearing interest at a Daily Rate or a Weekly Rate will be payable on the first Business Day of each calendar month, the next Interest Payment Date being December 1, 2010. Other Interest Payment Dates for the Reoffered Bonds are (i) each Conversion Date, (ii) each mandatory tender date on which substitution of a Credit Support Instrument providing support for Bonds bearing interest at the Daily Rate or the Weekly Rate occurs, and (iii) in all events the final maturity date or redemption date. Interest on Reoffered Bonds bearing interest at a Daily Rate or a Weekly Rate will be computed on the basis of a 365/366-day year and actual days elapsed. The record date for Reoffered Bonds bearing interest at the Daily Rate or the Weekly Rate will be the Business Day immediately preceding the Interest Payment Date. The Reoffered Bonds will be remarketed in fully registered form in denominations of $100,000 and any integral multiple of $5,000 in excess thereof.

Upon satisfaction of conditions set forth in the Indenture, the Reoffered Bonds may be changed at the election of the Authority to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Auction Rate (certain series only), the Index Rate (certain series only), the Term Rate or the Fixed Rate), *provided however*, that all Reoffered Bonds must have the same Interest Rate Determination Method and (except for any Reoffered Credit Provider Bonds and Reoffered Bonds bearing interest at a Commercial Paper Rate) all Reoffered Bonds of a Series must bear interest at the same interest rate.

This Reoffering Circular is not intended to provide information about the Reoffered Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Reoffered Bonds to a Daily Rate where such Reoffered Bonds are supported by a Letter of Credit that supports a Daily Rate).

Redemption Terms of the Reoffered Bonds

Optional Redemption. The Reoffered Bonds bearing interest at the Daily Rate or the Weekly Rate are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day (with prior notice as described below), at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

Mandatory Redemption. The Reoffered Bonds are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2001 Series A Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2029	$ 1,400,000	2033	$21,100,000
2030	18,200,000	2034	22,200,000
2031	19,200,000	2035	23,300,000
2032	20,100,000	2036†	24,500,000

† Final Maturity

2006 Series C-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$6,920,000	2039	$ 8,990,000
2033	7,165,000	2040	9,335,000
2034	7,465,000	2041	9,690,000
2035	7,750,000	2042	10,060,000
2036	8,045,000	2043	10,440,000
2037	8,350,000	2044	10,865,000
2038	8,665,000	2045†	11,260,000

† Final Maturity

2006 Series C-2 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$5,530,000	2039	$7,190,000
2033	5,730,000	2040	7,470,000
2034	5,965,000	2041	7,750,000
2035	6,200,000	2042	8,050,000
2036	6,435,000	2043	8,350,000
2037	6,680,000	2044	8,685,000
2038	6,930,000	2045†	9,035,000

† Final Maturity

2006 Series C-3 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$1,385,000	2039	$1,800,000
2033	1,435,000	2040	1,865,000
2034	1,495,000	2041	1,940,000
2035	1,550,000	2042	2,010,000
2036	1,610,000	2043	2,090,000
2037	1,670,000	2044	2,175,000
2038	1,735,000	2045†	2,240,000

† Final Maturity

2006 Series C-4 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$1,385,000	2039	$1,800,000
2033	1,435,000	2040	1,865,000
2034	1,495,000	2041	1,940,000
2035	1,550,000	2042	2,010,000
2036	1,610,000	2043	2,090,000
2037	1,670,000	2044	2,175,000
2038	1,735,000	2045†	2,240,000

† Final Maturity

2007 Series A-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$2,300,000	2040	$3,200,000
2033	2,400,000	2041	3,200,000
2034	2,600,000	2042	3,400,000
2035	2,600,000	2043	3,500,000
2036	2,700,000	2044	3,600,000
2037	2,800,000	2045	3,800,000
2038	2,900,000	2046	3,900,000
2039	3,000,000	2047†	4,100,000

† Final Maturity

2007 Series C-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$2,300,000	2040	$3,100,000
2033	2,400,000	2041	3,300,000
2034	2,500,000	2042	3,400,000
2035	2,600,000	2043	3,500,000
2036	2,700,000	2044	3,600,000
2037	2,800,000	2045	3,800,000
2038	3,000,000	2046	3,900,000
2039	3,000,000	2047†	4,100,000

† Final Maturity

2007 Series G-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$2,400,000	2040	$3,100,000
2033	2,400,000	2041	3,300,000
2034	2,500,000	2042	3,300,000
2035	2,600,000	2043	3,500,000
2036	2,700,000	2044	3,700,000
2037	2,800,000	2045	3,800,000
2038	2,900,000	2046	3,900,000
2039	3,000,000	2047†	4,100,000

† Final Maturity

2007 Series A-2 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$3,500,000	2040	$4,700,000
2033	3,600,000	2041	4,900,000
2034	3,700,000	2042	5,100,000
2035	3,900,000	2043	5,300,000
2036	4,100,000	2044	5,500,000
2037	4,200,000	2045	5,700,000
2038	4,300,000	2046	5,900,000
2039	4,500,000	2047†	6,100,000

† Final Maturity

2007 Series B-2 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$3,500,000	2040	$4,700,000
2033	3,600,000	2041	4,900,000
2034	3,700,000	2042	5,100,000
2035	3,900,000	2043	5,300,000
2036	4,100,000	2044	5,500,000
2037	4,200,000	2045	5,700,000
2038	4,300,000	2046	5,900,000
2039	4,500,000	2047†	6,100,000

† Final Maturity

2007 Series C-2 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$1,200,000	2040	$1,500,000
2033	1,200,000	2041	1,600,000
2034	1,300,000	2042	1,700,000
2035	1,300,000	2043	1,800,000
2036	1,300,000	2044	1,800,000
2037	1,400,000	2045	1,900,000
2038	1,500,000	2046	1,900,000
2039	1,600,000	2047†	2,000,000

† Final Maturity

2007 Series D-2 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$4,600,000	2040	$6,300,000
2033	4,800,000	2041	6,500,000
2034	5,000,000	2042	6,800,000
2035	5,200,000	2043	7,000,000
2036	5,400,000	2044	7,300,000
2037	5,600,000	2045	7,600,000
2038	5,800,000	2046	7,900,000
2039	6,000,000	2047†	8,200,000

† Final Maturity

2007 Series E-3 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$4,600,000	2040	$6,300,000
2033	4,800,000	2041	6,500,000
2034	5,000,000	2042	6,800,000
2035	5,200,000	2043	7,000,000
2036	5,400,000	2044	7,300,000
2037	5,600,000	2045	7,600,000
2038	5,800,000	2046	7,900,000
2039	6,000,000	2047†	8,200,000

† Final Maturity

2008 Series A-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$6,095,000	2039	$7,915,000
2033	6,330,000	2040	8,215,000
2034	6,570,000	2041	8,530,000
2035	6,820,000	2042	8,850,000
2036	7,075,000	2043	9,190,000
2037	7,345,000	2044	9,540,000
2038	7,625,000	2045†	9,900,000

† Final Maturity

2008 Series B-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$6,095,000	2039	$7,915,000
2033	6,330,000	2040	8,220,000
2034	6,570,000	2041	8,530,000
2035	6,820,000	2042	8,850,000
2036	7,075,000	2043	9,190,000
2037	7,345,000	2044	9,540,000
2038	7,620,000	2045†	9,900,000

† Final Maturity

2008 Series C-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$1,385,000	2039	$1,795,000
2033	1,440,000	2040	1,865,000
2034	1,495,000	2041	1,940,000
2035	1,550,000	2042	2,010,000
2036	1,610,000	2043	2,090,000
2037	1,670,000	2044	2,165,000
2038	1,735,000	2045†	2,250,000

† Final Maturity

2008 Series D-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$ 8,590,000	2039	$11,155,000
2033	8,915,000	2040	11,575,000
2034	9,260,000	2041	12,015,000
2035	9,605,000	2042	12,475,000
2036	9,975,000	2043	12,945,000
2037	10,355,000	2044	13,440,000
2038	10,745,000	2045†	13,950,000

† Final Maturity

2008 Series E-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2014	$3,820,000	2038	$3,465,000
2015	3,940,000	2039	3,600,000
2032	2,770,000	2040	3,735,000
2033	2,875,000	2041	3,875,000
2034	2,985,000	2042	4,025,000
2035	3,100,000	2043	4,180,000
2036	3,215,000	2044	4,335,000
2037	3,340,000	2045†	4,500,000

† Final Maturity

2008 Series G-1 Bonds

Redemption Date (April 1)	*Sinking Fund Installment*	*Redemption Date (April 1)*	*Sinking Fund Installment*
2032	$2,775,000	2039	$3,600,000
2033	2,875,000	2040	3,735,000
2034	2,980,000	2041	3,875,000
2035	3,095,000	2042	4,025,000
2036	3,220,000	2043	4,175,000
2037	3,340,000	2044	4,335,000
2038	3,470,000	2045†	4,500,000

† Final Maturity

Purchase In Lieu of Redemption

In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation Reoffered Bonds purchased by it, and such Reoffered Bonds shall be cancelled by the Trustee. If any Reoffered Bonds are so cancelled, the Authority may designate the Sinking Fund Installments or portions thereof within the Reoffered Bonds so purchased that are to be reduced as a result of such cancellation.

General Redemption Provisions

Selection for Redemption. The Authority will designate which maturities of Reoffered Bonds are to be redeemed; ***provided*** that Reoffered Credit Provider Bonds must be redeemed prior to the optional redemption of any other Reoffered Bonds. If less than all the Reoffered Bonds of a Series (other than the 2006 Series C Reoffered Bonds) maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair. If less than all 2006 Series C Reoffered Bonds maturing on any one date are to be redeemed at any one time, the Trustee will allocate the redemption moneys among the subseries of the 2006 Series C Reoffered Bonds, in accordance with the above with respect to mandatory sinking fund redemptions, and otherwise pro rata according to the principal amount outstanding of each subseries (with appropriate adjustments by the Trustee to only redeem authorized denominations). DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in each Series or subseries to be redeemed. For purposes of such selection, the Reoffered Bonds of a Series or subseries shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. The Authority may designate the Sinking Fund Installments, or portions thereof, that are to be reduced as a result of such redemption.

Notice of Redemption. Each notice of redemption is to be mailed by the Trustee not less than 30 nor more than 60 days prior to the redemption date to DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Reoffered Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

Conditional Notice of Redemption; Rescission. Any notice of optional redemption of the Reoffered Bonds may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the Authority will not redeem such Reoffered Bonds. The Trustee will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

In addition, the Authority may, at its option, prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request of the Authority to the Trustee, and the Trustee is to mail notice of such cancellation to DTC.

Any optional redemption of the Reoffered Bonds and notice thereof will be rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal and interest due on the Reoffered Bonds called for redemption.

Effect of Redemption. Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Reoffered Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Reoffered Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Thereafter, interest on such Reoffered Bonds shall cease to accrue, and said Reoffered Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture.

Interest Rate Determination Methods

General. The Reoffered Bonds bear interest at a Weekly Rate. The Authority has the right to change the Interest Rate Determination Method for all (but not less than all) of any Series of the Reoffered Bonds to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate (certain series only), the Auction Rate (certain series only), the Index Rate (certain series only), the Term Rate or the Fixed Rate). See "– Conversion of Interest Rate Determination Method" below.

Each Series of the Reoffered Bonds will initially have a Remarketing Agent, each of which is referred to herein as "Remarketing Agent" and collectively as "Remarketing Agents." See "REMARKETING AGENTS." See also "PRACTICES AND PROCEDURES RELATED TO THE REOFFERED BONDS."

No Daily Rate or Weekly Rate on the Reoffered Bonds will exceed 12% per annum.

Daily Rate. So long as the Reoffered Bonds are in the Daily Rate Period, the Reoffered Bonds will bear interest at a Daily Rate. During each Daily Rate Period, the Remarketing Agent for each Series is to set a Daily Rate for the Reoffered Bonds of that Series by 9:30 a.m., New York City time, on each Business Day, which Daily Rate is to be the rate of interest that, if borne by that Series of the Reoffered Bonds in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Reoffered Bonds of that Series or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Reoffered Bonds of that Series, be the lowest interest rate that would enable the Remarketing Agent to place the Reoffered Bonds of that Series at a price of par (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

Weekly Rate. So long as the Reoffered Bonds are in the Weekly Rate Period, the Reoffered Bonds will bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent for each Series is to set a Weekly Rate for the Reoffered Bonds of that Series, by 5:00 P.M., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week (a "Calendar Week"); ***provided***, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate is to be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date; *provided further*, that, in connection with the substitution of a Credit Support Instrument providing support for any Series of Reoffered Bonds bearing interest at the Weekly Rate, the Weekly Rate with respect to such Series for the first Calendar Week (or portion thereof) following such substitution shall be set by the applicable Remarketing Agent on the Business Day immediately preceding the date of such substitution, and such Weekly Rate will be effective only if such substitution is effected. Each Weekly Rate for a Series of the Reoffered Bonds is to be the rate of interest that, if borne by the Reoffered Bonds of that Series in the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Reoffered Bonds of that Series, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Reoffered Bonds of that Series, be the lowest interest rate that would enable the Remarketing Agent to place the Reoffered Bonds of that Series at a price of par (plus accrued interest, if any) on the first day of such Weekly Rate Period.

Failure to Determine Rate for Certain Rate Periods. If, for any reason, the Daily Rate or the Weekly Rate for any Series of the Reoffered Bonds is not established as described above, or there is no Remarketing Agent for such Series of Reoffered Bonds, or any Daily Rate or Weekly Rate so established is held to be invalid or unenforceable, then an interest rate for such Series for such Rate Period equal to 100% of the SIFMA Swap Index on the date such Daily Rate or Weekly Rate was (or would have been) determined, as provided pursuant to the provisions of the Indenture described above, shall be established automatically. "SIFMA Swap Index" is an index published or made available by the Securities Industry and Financial Markets Association (formerly the Bond Market Association) and is defined in the Information Statement in APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – Definitions."

Conversion of Interest Rate Determination Method

Right of Conversion. The Interest Rate Determination Method for each Series of the Reoffered Bonds is subject to conversion from one Interest Rate Determination Method to another from time to time at the option of the Authority, with such right to be exercised by delivery of a Conversion Notice to the Trustee, the Remarketing Agent and the Letter of Credit Provider for such Series. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Trustee is to give notice by first-class mail to the Owners of the affected Series of the Reoffered Bonds in accordance with the Indenture. The Indenture provides that such notice may be rescinded prior to the effective date of the Conversion. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE INDENTURE – Conversion of Interest Rate Determination Method" in the Information Statement.

Failure to Convert. The Indenture includes provisions setting forth the procedures and conditions for the exercise by the Authority of its right of conversion of the Reoffered Bonds from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed. However, once a notice of conversion is provided to the Owners of the Reoffered Bonds, all Reoffered Bonds must be tendered for purchase (whether or not the planned conversion is completed). See "–Mandatory Tender Provisions" below. See "–Funding Optional and Mandatory Tenders of Reoffered Bonds" below concerning payment for Reoffered Bonds so tendered for purchase.

The Indenture provides that a failed conversion of Reoffered Bonds to another Interest Rate Determination Method means that such Reoffered Bonds will continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date (as if no proceedings for Conversion had taken place) and the rate of interest thereon shall be determined on the proposed Conversion Date. If the failed conversion is due to insufficient funds, such Reoffered Bonds will be returned to the respective Owners thereof and the interest rate will be the lesser of the SIFMA Swap Index plus 3% and the Maximum Interest Rate of 12% from the date of such failed purchase until all Reoffered Bonds are purchased as required in accordance with the Indenture. See "–Funding Optional and Mandatory Tenders of Reoffered Bonds" below.

Optional Tender Provisions

The Reoffered Bonds bearing interest at a Daily Rate or a Weekly Rate (other than Reoffered Credit Provider Bonds) are subject to tender for purchase and remarketing at the option of the Owner or the Beneficial Owners of those Bonds, who may elect to have Reoffered Bonds (or portions thereof in Authorized Denominations) purchased at a purchase price (the "Purchase Price") equal to the principal amount thereof, without premium, plus any accrued interest to the Purchase Date. If the Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then accrued interest will be paid to DTC for payment to the Beneficial Owners as of the applicable Record Date.

Reoffered Bonds bearing interest at a Daily Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Owner or the Beneficial Owner of such Reoffered Bonds to the applicable Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 11:00 A.M. (New York City time) on any Business Day, that states the principal amount to be tendered for purchase and the Purchase Date, and (B) delivery of such Reoffered Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Reoffered Bonds bearing interest at a Weekly Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Owner or the Beneficial Owner of such Reoffered Bonds to the applicable Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 5:00 P.M. (New York City time) on any Business Day at least seven days prior to the Purchase Date, which states the principal amount of such Reoffered Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such Reoffered Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Any Reoffered Bond may be tendered for purchase in part as long as the amount so purchased and not so purchased are each in an Authorized Denomination.

Any instrument delivered to the Trustee in accordance with the provisions of the Indenture described above shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon the Owner and any subsequent Beneficial Owner of the Reoffered Bonds to which it relates, and as of the date of such instrument, the Owner or the Beneficial Owner shall not have any right to optionally tender for purchase such Reoffered Bonds prior to the date of purchase specified in such notice. The Authority, the Remarketing Agents and the Trustee may conclusively assume that any person (other than DTC) providing notice of optional tender pursuant to the Indenture is the Beneficial Owner of the Reoffered Bonds to which such notice relates, and none of the Authority, the Remarketing Agents or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Reoffered Bonds.

Draws on the Letters of Credit issued pursuant to the Reimbursement Agreement described under "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT" will provide funds for the purchase of Reoffered Bonds that are not successfully remarketed upon optional tender by Owners or Beneficial Owners for purchase and remarketing. See "Funding Optional and Mandatory Tenders of Reoffered Bonds" below.

Mandatory Tender Provisions

The Reoffered Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price on the Conversion Date (or on the proposed Conversion Date if the conversion fails to occur) to a new Interest Rate Determination Method specified in a Conversion Notice as described above under "Conversion of Interest Rate Determination Method."

Draws on the Letters of Credit issued pursuant to the Reimbursement Agreement described under the caption "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT" will provide funds for the purchase of Reoffered Bonds that are not successfully remarketed upon optional tender by Bond owners for purchase and remarketing, and for the purchase of Reoffered Bonds that are not successfully remarketed upon mandatory tender. A Series of the Reoffered Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the fifth Business Day preceding the scheduled expiration of, or the termination by election of the Authority of, the Letter of Credit for such Series, and (ii) (if a Rating Confirmation is not received) on the date of provision of a substitute credit or liquidity facility and resultant termination of the Letter of Credit for such Series. No such mandatory tender is required if a substitute credit or liquidity facility is provided to the Trustee and a Rating Confirmation is delivered by each Rating Agency then rating the Reoffered Bonds with respect to which the substitute credit or liquidity facility is being provided; ***provided, however,*** that a Credit Support Instrument may not be substituted for the Letter of Credit for a Series of Reoffered Bonds unless a mandatory tender and purchase of all of the Reoffered Bonds of such Series occurs (and such a mandatory tender and purchase must occur whether or not a Rating Confirmation with respect to the substitution is obtained). The Trustee is to give DTC at least 15 days' notice of any such elected termination, substitution or expiration. The Authority may rescind any notice of mandatory tender provided to Owners in connection with the substitution of a Credit Support Instrument by giving written notice of such rescission to Owners two or more Business Days immediately preceding the date set for such substitution and mandatory tender.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Reoffered Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Reoffered Bonds.

Funding Optional and Mandatory Tenders of Reoffered Bonds

The Authority expects funds to be made available to purchase Reoffered Bonds tendered for purchase pursuant to the optional and mandatory tender provisions described above by having the applicable Remarketing Agent remarket the tendered Reoffered Bonds and having the proceeds applied to purchase the tendered Reoffered Bonds. See "REMARKETING AGENTS."

Payment of the purchase price for any Reoffered Bonds tendered for purchase and not successfully remarketed is expected to be paid from amounts drawn under the Letters of Credit as described under "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT." If insufficient funds are available from remarketing proceeds and under the Letters of Credit, the Authority has the option, but no obligation under the Indenture, to pay the shortfall to the Trustee.

The Indenture provides that if sufficient funds are not available for the purchase of all Reoffered Bonds of a Series tendered and required to be purchased on any Purchase Date, all Reoffered Bonds of such Series shall bear interest at the lesser of the SIFMA Swap Index plus 3% and the Maximum Interest Rate from the date of such failed purchase until all such Reoffered Bonds are purchased as required in accordance with the Indenture, and that all tendered Reoffered Bonds shall be returned to the respective Owners. Thereafter, the Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the applicable Remarketing Agent and sufficient other funds from the Letters of Credit to purchase all Reoffered Bonds required to be purchased. The Indenture provides that such failed purchase and return shall not constitute an Event of Default.

Mechanics and Timing of Optional and Mandatory Tenders

The mechanics and timing of delivery and payment for Reoffered Bonds tendered for purchase are addressed in the Indenture. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Mechanics of Optional and Mandatory Tenders" in the Information Statement.

Mandatory Tender for Authority Purchase of Reoffered Bonds at Election of Authority

The Reoffered Bonds are also subject to mandatory tender for purchase by the Authority, in whole or in part (in Authorized Denominations), on any date such Reoffered Bonds would be subject to optional redemption (each, an "Optional Purchase Date") at a purchase price equal to the principal amount of such Reoffered Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (the "Optional Purchase Price"). In the event that the Authority determines to purchase any Reoffered Bonds on any Optional Purchase Date, the Authority will provide the Trustee with written notice of such determination at least 45 days prior to the Optional Purchase Date, which notice will specify the principal amount of the Reoffered Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee receives notice from the Authority of its determination to purchase Reoffered Bonds pursuant the provisions described above, the Trustee shall give notice to the Owners of the Reoffered Bonds and the applicable Remarketing Agent, in the name of the Authority, of the mandatory tender for purchase such Reoffered Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than 60 nor less than 30 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the Reoffered Bonds and failure to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of such Reoffered Bonds pursuant to the provisions of the Indenture described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Reoffered Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Reoffered Bonds.

If less than all of the Reoffered Bonds are to be called for mandatory tender at the election of the Authority, the Authority may select the principal amount and maturity of such Reoffered Bonds to be purchased at its sole discretion. If less than all of the Reoffered Bonds of a Series maturing by their terms on any one date are to be tendered at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Reoffered Bonds to be tendered. For purposes of such selection, the Reoffered Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered. If at the time the Trustee sends any notice of mandatory tender for purchase of any Reoffered Bonds as described in the preceding paragraph, the Authority has not deposited with the Trustee an amount sufficient to pay the full Optional Purchase Price of such Reoffered Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such Reoffered Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to purchase such Reoffered Bonds. No funds may be drawn on the Letters of Credit to pay the Optional Purchase Price of Reoffered Bonds on a mandatory tender at the option of the Authority.

Funding for purchases of Reoffered Bonds pursuant to the mandatory tender at the election of the Authority as described under this heading is not in the addressed Letters of Credit described under "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT" or in the Authority's agreements with the Remarketing Agents for Reoffered Bonds.

REMARKETING AGENTS

The Authority has entered into a Remarketing Agreement covering each Series of the Reoffered Bonds with the Remarketing Agent for such Series as shown in the SUMMARY OF REOFFERING following the cover page. Each Remarketing Agent undertakes, among other things, to use its best efforts to remarket Reoffered Bonds of the Series assigned to it that are tendered for purchase. The Authority or the Remarketing Agent may terminate the Remarketing Agreement under the circumstances and in the manner described in the Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture.

PRACTICES AND PROCEDURES RELATED TO THE REOFFERED BONDS

The Remarketing Agent for each Series of Reoffered Bonds is shown in the SUMMARY OF REOFFERING following the front cover.

Each of the Remarketing Agents has agreed to comply with the Authority's variable rate demand bond procedures, which are included in the Indenture and described herein.

The Remarketing Agents also have internal practices and procedures pertaining to variable rate demand securities. The resale of Reoffered Bonds and the rates of interest thereon may be affected by those practices and procedures.

The Remarketing Agents are Paid by the Authority. Each Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Reoffered Bonds of the Series assigned to it that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of its Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agents are appointed by the Authority and are paid by the Authority for their services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of Reoffered Bonds.

The Remarketing Agents May Be Removed, Resign or Cease Remarketing the Reoffered Bonds, Without a Successor Being Named. Under certain circumstances each Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

The Remarketing Agents and the Authority may Purchase Reoffered Bonds for Their Own Accounts. Each Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, has routinely purchased such obligations for its own account in order to achieve a successful remarketing of the obligations (i.e., because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered Reoffered Bonds for its own account and, if it does so, it may cease doing so at any time without notice. Any cessation of purchases by the Remarketing Agent may result in a failed remarketing and draw on the applicable letter of credit. The Remarketing Agent may also make a market in the Reoffered Bonds by purchasing and selling Reoffered Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Reoffered Bonds. The Remarketing Agent may also sell any Reoffered Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Reoffered Bonds. The Authority may purchase certain Reoffered Bonds held by a Remarketing Agent. In addition, the Authority has amended the Indenture to permit the Remarketing Agents to remarket Reoffered Bonds to the Authority as part of the remarketing and interest rate setting process undertaken by the Remarketing Agents. The willingness of the Authority to buy Reoffered Bonds in connection with a remarketing may affect the interest rate determined for such Reoffered Bonds. The Authority's interest in connection with the determining of the interest rate by a Remarketing Agent may differ from the interests of Bondholders other than the Authority. The purchase of Reoffered Bonds by the Remarketing Agent or the Authority may create the appearance that there is greater third party demand for the Reoffered Bonds in the market than is actually the case. The practices described above also may result in fewer Reoffered Bonds being tendered in a remarketing, fewer draws on the Letters of Credit, and lower interest rates on the Reoffered Bonds than would otherwise be the case.

Reoffered Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Each Remarketing Agent is required by its Remarketing Agreement to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series of Reoffered Bonds assigned to it bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Reoffered Bonds (including whether the Remarketing Agent or the Authority is willing to purchase Reoffered Bonds for its own account). Each Remarketing Agreement requires that the Remarketing Agent use its best efforts to remarket Reoffered Bonds of the

Series assigned to it tendered pursuant to the Indenture. There may or may not be Reoffered Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Reoffered Bonds tendered for purchase on such date at par, and the Remarketing Agent may sell Reoffered Bonds at varying prices to different investors on such date or any other date. Each Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Reoffered Bonds at the remarketing price. In the event a Remarketing Agent or the Authority owns any Reoffered Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Reoffered Bonds on any date, including the Rate Determination Date, at a discount to par to some investors which, in the case of the Remarketing Agent, may include the Authority.

The Ability to Sell the Reoffered Bonds other than through Tender Process May Be Limited. The Remarketing Agents and the Authority may buy and sell Reoffered Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Reoffered Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Reoffered Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Reoffered Bonds other than by tendering the Reoffered Bonds in accordance with the tender process.

LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENT

The following is a summary of provisions of the Letters of Credit issued under the Reimbursement Agreement in effect with respect to the Reoffered Bonds. This summary does not purport to be comprehensive. Reference should be made to the Letters of Credit and the Reimbursement Agreement for their complete terms. Capitalized terms used under this heading not defined elsewhere in this Reoffering Circular shall have the meanings set forth in the Reimbursement Agreement. For information regarding the Letter of Credit Providers, see APPENDIX V – "THE LETTERS OF CREDIT PROVIDERS."

General

The Letters of Credit for the Reoffered Bonds are provided by the financial institutions shown in the following table (collectively, the "Letters of Credit Providers"), pursuant to the Reimbursement Agreement among those providers, the Authority, the Trustee, and JPMorgan Chase Bank, National Association ("JPMorgan Chase"), as Agent. The respective principal amounts of the Letter of Credit Providers for the Reoffered Bonds are indicated in the following table. In addition to the principal amount, each Letter of Credit Provider will provide an interest amount that is based upon an assumed rate of interest of 12% on the principal amount for a period of 34 days using a 365 day year. Under the terms of the Reimbursement Agreement, each Letter of Credit Provider's liability is several and not joint, and no Letter of Credit Provider will be liable for the failure of any other Letter of Credit Provider to perform its obligations thereunder.

LETTERS OF CREDIT PROVIDERS PRINCIPAL AMOUNTS

Series	Letter of Credit Provider	Principal Amount	Expiration Date
2001 Series A	Barclays Bank PLC, acting through its New York branch	$150,000,000	October 31, 2014
2006 Series C-1	Sumitomo Mitsui Banking Corporation, acting through its New York branch	$125,000,000	November 1, 2013
2006 Series C-2	Morgan Stanley Bank, N.A.	$100,000,000	November 1, 2013
2006 Series C-3	Lloyds TSB Bank PLC, acting through its New York branch	$25,000,000	November 1, 2013
2006 Series C-4	Lloyds TSB Bank PLC, acting through its New York branch	$25,000,000	November 1, 2013
2007 Series A-1	Bank of America, N.A.	$50,000,000	October 31, 2014
2007 Series C-1	JPMorgan Chase Bank, National Association	$50,000,000	October 31, 2014
2007 Series G-1	JPMorgan Chase Bank, National Association	$50,000,000	October 31, 2014
2007 Series A-2	Union Bank, N.A.	$75,000,000	October 31, 2014
2007 Series B-2	JPMorgan Chase Bank, National Association	$75,000,000	October 31, 2014
2007 Series C-2	Union Bank, N.A.	$25,000,000	October 31, 2014
2007 Series D-2	JPMorgan Chase Bank, National Association	$100,000,000	October 31, 2014
2007 Series E-3	Bank of America, N.A.	$100,000,000	October 31, 2014
2008 Series A-1	JPMorgan Chase Bank, National Association	$110,000,000	October 31, 2014
2008 Series B-1	Bank of America, N.A.	$110,000,000	October 31, 2014
2008 Series C-1	Union Bank, N.A.	$25,000,000	October 31, 2014
2008 Series D-1	Lloyds TSB Bank PLC, acting through its New York branch	$155,000,000	November 1, 2013
2008 Series E-1	Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch	$57,760,000	October 31, 2014
2008 Series G-1	Bank of America, N.A.	$50,000,000	October 31, 2014

Payment of principal of and interest on the Reoffered Bonds and payment of the Purchase Price for Reoffered Bonds tendered for purchase or subject to mandatory purchase in accordance with the Indenture and not remarketed will be made from amounts drawn under the Letters of Credit.

The Letters of Credit supporting the Reoffered Bonds will expire on the dates shown on the table above. An extension of the Letters of Credit or the substitution of another liquidity facility for the Reoffered Bonds is required by the Indenture until the Reoffered Bonds are retired or changed to bear interest at a Fixed Rate, a Term Rate, a Commercial Paper Rate (certain Series only), an Auction Rate (certain Series only) or an Index Rate (certain Series only). The scheduled expiration or the termination by the Authority of a Letter of Credit will, and the substitution of another liquidity facility may, result in a mandatory purchase of the Reoffered Bonds supported by such Letter of Credit as explained under "DESCRIPTION OF THE REOFFERED BONDS—Mandatory Tender Provisions."

Draws under each Letter of Credit are to be requested by the Trustee by written notice to each of the Letter of Credit Providers. Upon payment by the Letter of Credit Provider, the Reoffered Bonds purchased by the Letter of Credit Providers will be called Credit Provider Bonds or Bank Bonds and bear interest at the Bank Rate determined pursuant to the Reimbursement Agreement. The Reimbursement Agreement provides for the remarketing of Bank Bonds at the election of the Authority and requires the Authority to redeem any Bank Bond that is not remarketed in 20 equal quarterly installments beginning on the first Business Day of the third calendar month immediately following the purchase of the Bank Bond by the Letter of Credit Provider. The Indenture requires Credit Provider Bonds of a Series to be remarketed prior to the remarketing of any other Reoffered Bonds of such Series tendered for purchase or subject to mandatory purchase.

Extension, Reduction, Adjustment or Termination of Letters of Credit

The expiration dates of the Letter of Credit are set forth above and in the SUMMARY OF REOFFERING commencing on the inside front cover of this Reoffering Circular.

The Letters of Credit supporting the Reoffered Bonds will expire on the indicated dates, unless extended for additional periods by mutual agreement of the Authority and the respective Letters of Credit. Written request for extension of the Letters of Credit must be received by the respective Letter of Credit Providers not less than 120 nor more than 150 days preceding the then current relevant expiration date and the applicable Letter of Credit Provider in its sole and absolute discretion shall notify the Authority within 45 days of the Letter of Credit Provider's decision with respect to such request. If a Letter of Credit Provider does not respond to the Authority's request, that Letter of Credit Provider will be deemed to deny such request. Requests can be made on a Series by Series basis.

Upon any redemption, defeasance or other payment of all or any portion of the principal amount of a Series of the Reoffered Bonds, the Letter of Credit supporting such Series shall automatically be reduced by the principal amount of the Reoffered Bonds so redeemed, defeased or otherwise paid, as the case may be. The interest amount of such Letter of Credit will be adjusted downward by an amount in proportion to the reduction of the commitment as to principal because of the redemption, defeasance or other payment of the Reoffered Bonds or the purchase by the Letter of Credit Provider of the Reoffered Bonds tendered or deemed tendered in accordance with the terms of the Indenture.

The Authority has agreed that any termination of a Letter of Credit as a result of the provision of an alternate liquidity facility will require, as a condition thereto, that the Authority or the issuer of the alternate liquidity facility, as the case may be, will provide immediately available funds on the date of such termination or provision, which funds, when taken together with funds available to the Letter of Credit Providers under the Indenture, will be sufficient to ensure the payment of all amounts due to the Letter of Credit Providers under the terminated Letters of Credit.

SUMMARY OF FINANCING PLAN

Outstanding Senior Bonds and Senior Obligations

The Authority has outstanding bonds secured by a pledge of Revenue that is on parity with the pledge of Revenue securing the Reoffered Bonds (the "Senior Bonds") in the aggregate principal amount of $5,595,125,000 comprised of $1,457,760,000 aggregate principal amount of the Reoffered Bonds and $4,137,365,000 aggregate principal amount of fixed rate bonds. The Authority also has outstanding interest rate swaps in the aggregate notional amount of $2,265,700,000, the scheduled payments on which are on a parity with the Senior Bonds. Any swap termination payments are subordinate to the Senior Bonds. See APPENDIX IV – "OUTSTANDING OBLIGATIONS," APPENDIX III – "PROJECTED DEBT SERVICE SCHEDULE" to this Supplement No. 2, and the information in the Information Statement under the caption "OTHER AUTHORITY OBLIGATIONS."

The Reoffered Bonds will be paid as to principal and interest from draws on the Letters of Credit, the proceeds of which will be segregated from other funds. The reimbursement obligations created by draws on the Letters of Credit, including draws to purchase Reoffered Bonds, will also be Parity Obligations to the Senior Bonds. In the event the Trustee does not have sufficient funds on hand in the Bond Fund to pay the principal of and interest on Senior Bonds and amounts due on Parity Obligations when due, the Trustee shall notify the Authority as promptly as practicable of the shortfall and apply the funds it has on hand in the Bond Fund and any additional funds received from the Authority for deposit in the Bond Fund to pay such Senior Bonds and Parity Obligations on a pro rata basis based on the respective amounts then known to the Trustee to be due on such Senior Bonds and Parity Obligations.

Outstanding Subordinate Bonds

The Authority also has outstanding $1,500,000,000 aggregate principal amount of fixed rate bonds secured by a pledge of Revenue that is subordinate to the pledge of Revenue securing the Reoffered Bonds (the "Subordinate Bonds"). At the time of remarketing of the Reoffered Bonds, the Authority expects to have priced approximately $800,000,000 of additional Subordinate Bonds. See "-Anticipated Bond Issuance of the Authority" below. There can be no assurance that such pricing will occur. If such Subordinate Bonds are issued in the amount of $800,000,000, the total outstanding amount of Subordinate Bonds will be $2,300,000,000. See APPENDIX IV – "OUTSTANDING OBLIGATIONS" to this Supplement No. 2.

Anticipated Bond Issuances of the Authority

The Authority anticipates issuing additional toll bridge revenue bonds to fund capital projects under its current capital project programs. The Authority has distributed a preliminary official statement for the issuance of $800,000,000 of Subordinate Bonds and has authorized the issuance of up to $2.5 billion of Subordinate Bonds (including the $800,000,000) for capital projects prior to December 31, 2010 and may authorize the issuance of additional Subordinate Bonds or Senior Bonds thereafter. The Authority has also authorized the issuance of refunding Bonds. Toll bridge revenue bonds may be issued on a parity with the outstanding Senior Bonds under the Senior Indenture, as Subordinate Bonds under the Subordinate Indenture or as toll bridge revenue bonds subordinate to the Subordinate Bonds. Additional toll bridge revenue bonds could be issued for refunding or restructuring purposes, additional work on the Bridges or other purposes authorized by the Act.

The principal amount of additional toll bridge revenue bonds (and any senior obligations or subordinate obligations) to be issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on the actual costs of its programs (which are subject to modification by the Authority and by state law) and the resources then available. The Act does not limit the principal amount of Authority obligations that may be issued. The Senior Indenture and the Subordinate Indenture limit the issuance of Senior Bonds, obligations of the Authority that are payable on a parity with the Senior Bonds, Subordinate Bonds, and obligations that are payable on a parity with the Subordinate Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants" and "—Additional Bonds Test" and "— Certain Provisions of the Subordinate Indenture – Toll Rate Covenant" and "—Additional Bonds Test" in the Information Statement.

Investment Portfolio

For information concerning the Authority's investment policies, see "LIQUIDITY AND CASH RESERVES — Investment Portfolio" in the Information Statement. As of August 31, 2010, the average maturity of the investment portfolio was 146 days, with an average annual yield of approximately 0.37%.

INVESTMENT PORTFOLIO INFORMATION[1]
as of August 31, 2010 (Unaudited)

Investments	Percent of Portfolio	Par Value	Market Value
Cash	4.8%	$ 206,845,462	$ 206,845,462
Government Sponsored Enterprises[2]	79.2%	3,438,100,000	3,437,766,897
Municipal Bonds	7.1%	304,060,000	304,347,874
Mutual Funds	3.5%	151,214,844	151,214,844
Government Pools[3]	0.0%	1,740,769	1,740,769
California Asset Management Program	5.4%	236,066,443	236,066,443
TOTAL INVESTMENTS	100.0%	$4,338,027,518	$4,337,982,289

(1) The investment portfolio includes funds of MTC and related entities and trustee held funds.
(2) Federal Home Loan Mortgage Corp., Federal Home Loan Banks, Federal National Mortgage Association, Federal Farm Credit Bank and Tennessee Valley Authority.
(3) Local Agency Investment Fund maintained by the Treasurer of the State of California and the County of Alameda, California Treasurer's Investment Pool.
Source: MTC Monthly Investment Report.

Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage

The following table sets forth projected revenues and expenditures of the Authority and projected debt service coverage for its fiscal years ending June 30, 2011 through 2015.

The prospective financial information was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

The projections set forth below represent the Authority's forecast of future results based on information currently available to the Authority as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Authority. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. The Authority is not obligated to update, or otherwise revise the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error. The projected financial information was not prepared in accordance with generally accepted accounting principles and could differ from comparable presentations by other similar organizations.

The prospective financial information included in the Reoffering Circular has been prepared by, and is the responsibility of, the Authority's management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in Appendix A to the Information Statement relates to the Authority's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

PROJECTED REVENUE, OPERATIONS & MAINTENANCE EXPENSES AND DEBT SERVICE COVERAGE[(1)]
($ in thousands)

		Fiscal Year Ending June 30,				
		2011	**2012**	**2013**	**2014**	**2015**
	Senior Obligation Debt Service					
A	Bridge Toll Revenues[(2)]	$589,381	$608,170	$630,692	$633,845	$637,014
B	Interest Earnings[(3)]	27,734	28,843	49,015	64,654	73,407
C	Other Revenues[(4)]	15,101	15,101	15,177	15,253	15,329
D	Senior Bond Subsidy Payments[(5)]	28,497	28,497	28,497	28,497	28,497
E	Total Revenue Under Senior Indenture	$660,713	$680,611	$723,380	$742,248	$754,247
F	Debt Service on Senior Bonds and Parity Obligations[(6)]	$314,214	$314,125	$315,491	$319,261	$319,269
	Gross Senior Debt Service Coverage (E/F)	2.10	2.17	2.29	2.32	2.36
	Projected Subordinate Bond Debt Service					
E	Total Revenue Under Senior Indenture	$660,713	$680,611	$723,380	$742,248	$754,247
D	Less: Senior Bond Subsidy Payments	(28,497)	(28,497)	(28,497)	(28,497)	(28,497)
G	Total Revenue Under Subordinate Indenture	$632,217	$652,115	$694,883	$713,752	$725,750
H	Net Debt Service on Senior Bonds and Parity Obligations (F-D)	$285,717	$285,628	$286,995	$290,765	$290,773
I	Existing Subordinate Bond Debt Service [(7)]	50,954	67,938	67,938	67,938	67,938
J	Additional Subordinate Bond Debt Service [(8)]	16,333	40,000	71,250	105,625	105,625
K	Aggregate Debt Service	$353,004	$393,566	$426,183	$464,328	$464,336
	Gross Aggregate Debt Service Coverage (G/K)	1.79	1.66	1.63	1.54	1.56
G	Total Revenue Under Subordinate Indenture	$632,217	$652,115	$694,883	$713,752	$725,750
L	Less: Maintenance & Operations Expenses[(9)]	(68,461)	(74,470)	(75,060)	(76,811)	(78,611)
M	Net Available Revenue Under Subordinate Indenture	$563,756	$577,645	$619,824	$636,941	$647,139
	Net Aggregate Debt Service Coverage (M/K)	1.60	1.47	1.45	1.37	1.39

(1) Assumes issuance of approximately $1.85 billion of additional bonds in Fiscal Years 2011-2013 (which includes the $800 million of Subordinate Bonds discussed above under "— Anticipated Bond Issuances of the Authority"), and reflects prepayment of funds to MTC as described in the Information Statement under "THE BRIDGE SYSTEM — Payments to MTC." This table does not calculate coverage ratio covenants or additional bonds tests that are discussed in the Information Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" and in "APPENDIX B — DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and "APPENDIX C — DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

(2) The projected Bridge Toll Revenues assume that toll-paying traffic will decrease by 1.0% in Fiscal Year 2011, be flat in Fiscal Year 2012 and increase by 0.5% in Fiscal Year 2013 and annually thereafter on all System Bridges. Reflects toll increases effective on July 1, 2010 and as phased in thereafter for multi-axle vehicles. See "THE BRIDGE SYSTEM — Bridge Tolls" and "— Motor Vehicle Traffic" in the Information Statement.

(3) Assumes average interest earnings of 1.02% in Fiscal Year 2011, 1.05% in Fiscal Year 2012, 1.97% in Fiscal Year 2013, 2.87% in Fiscal Year 2014 and 3.79% in Fiscal Year 2015.

(4) Other Revenues include revenues from toll violations and Electronic Toll Collection reimbursements.

(5) Includes a 35% federal interest subsidy in Fiscal Years 2011, 2012, 2013, 2014 and 2015 for the outstanding 2009 Series F-2 Bonds issued under the Build America Bond program.

(Footnotes continued on following page)

(6) Reflects the actual interest rates for outstanding fixed rate Senior Bonds. Assumes an interest rate per annum for hedged variable rate Senior Bonds equal to the fixed rate payable under related interest rate swap arrangements. See Note 5 starting on page 57 of "METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010" attached to the Information Statement as Appendix A. Does not include ongoing remarketing fees, liquidity facility fees and any basis risk for those Senior Bonds. The annual remarketing and liquidity facility fees in Fiscal Year 2010 were $14.1 million.

(7) Reflects the actual interest rates for outstanding fixed rate Subordinate Bonds. Debt service shown is net of the 35% federal interest subsidy.

(8) Assumes an issuance of $800 million in Fiscal Year 2011, $500 million in Fiscal Year 2012 and $550 million in Fiscal Year 2013 at net interest rates of 5.00%, 6.25% and 6.25%, respectively, net of the 35% federal interest subsidy.

(9) Includes Maintenance and Operation Expenses as defined in the Subordinate Indenture. See "APPENDIX C — DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" in the Information Statement. Assumes annual increases of 3.0%.

Source: The Authority.

The levels of traffic assumed and toll revenue projected in the foregoing are based solely upon estimates and assumptions made by the Authority. Actual levels of traffic and toll revenue will differ, and may differ materially, from the levels projected. Actual interest earnings, debt service interest rates, interest subsidy payments, swap revenues and operations and maintenance expenses could also differ materially from the forecast.

The debt service coverage ratios set forth in the foregoing table are for information purposes only. The Authority is only required to meet the coverage ratios specified in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants" and "—Certain Provisions of the Subordinate Indenture – Toll Rate Covenant" in the Information Statement. Coverage ratios are also taken into account in determining the amount of toll bridge revenue bonds and parity obligations the Authority can issue. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Additional Bonds Test" and "—Certain Provisions of the Subordinate Indenture – Additional Bonds Test" in the Information Statement.

PROPOSED BUILD AMERICA BONDS AMENDMENT TO INDENTURE

In November 2009, the Authority issued its 2009 Series F-2 taxable Build America Bonds pursuant to provisions of the federal American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). The Authority may issue more Build America Bonds in the future. Under the Recovery Act, the Authority will elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the Authority on the Build America Bonds. The Authority wants to amend the Indenture to treat such subsidy payments received as a set off against interest paid on the Build America Bonds for purposes of the additional bonds test and the rate covenants. The proposed amendment to the Indenture to achieve this result is described in the Information Statement under the caption "PROPOSED BUILD AMERICA BONDS AMENDMENT." Purchasers of the remarketed Reoffered Bonds and any subsequent owners will be deemed, by acceptance of such Bonds, to have irrevocably consented to the proposed amendment. Therefore, the successful remarketing on November 1, 2010 of the Reoffered Bonds is expected to result in the Authority's having received the requisite consents of Bondholders to the proposed amendment. The Authority expects to enter into a Seventeenth Supplemental Indenture, dated as of November 1, 2010, to effect the proposed amendment immediately following the successful remarketing of the Reoffered Bonds on that date.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the remarketing or delivery of the Reoffered Bonds, the collection or application of the Bridge Toll Revenues (as defined in the Information Statement), or the statutory lien thereon, in any way contesting or affecting the validity or enforceability of the Reoffered Bonds, the Indenture, in any way contesting the completeness or accuracy of the Reoffering Circular or the powers of the Authority with respect to the Reoffered Bonds or the Indenture, or which could, if adversely decided, have a materially adverse impact on the Authority's financial position or the Authority's ability to collect Bridge Toll Revenues.

TAX MATTERS

On the respective dates of issuance of the Reoffered Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, delivered an opinion with respect to the Series of Reoffered Bonds issued on such date to the effect that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on such Series of the Reoffered Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Each of Bond Counsel's opinions further stated that interest on the Reoffered Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Reoffered Bonds. A complete copy of the forms of opinions of Bond Counsel delivered at each issuance of the Reoffered Bonds is set forth in Appendix II hereto.

On the closing date for the remarketing of the Reoffered Bonds in connection with the substitution of the liquidity facilities with letters of credit, Bond Counsel will deliver on the effective date thereof its opinion (the "Remarketing Opinion") to the effect that such substitution and remarketing will not, in and of itself, adversely affect the exclusion from gross income of interest on the Reoffered Bonds for federal income tax purposes. The text of the Remarketing Opinion to be delivered by Bond Counsel is included as Appendix II hereto. Bond Counsel is not rendering any opinion on the current tax status of the Reoffered Bonds.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Reoffered Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Reoffered Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply or to have complied with these covenants may result in interest on the Reoffered Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Reoffered Bonds. The opinion of Bond Counsel rendered in connection with the issuance of the Reoffered Bonds assumes the accuracy of these representations and compliance with these covenants. With the exception of the matters set forth in its Remarketing Opinion, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Reoffered Bonds may adversely affect or have adversely affected the value of, or the tax status of interest on, the Reoffered Bonds.

Accordingly, the opinion of Bond Counsel was and is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although the opinion Bond Counsel rendered in connection with the issuance of the Reoffered Bonds stated that interest on the Reoffered Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Reoffered Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Reoffered Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Reoffered Bonds. Prospective purchasers of the Reoffered Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Reoffered Bonds for federal income tax purposes. The opinions of Bond Counsel are not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners regarding the tax-exempt status of the Reoffered Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Reoffered Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Reoffered Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

LEGAL MATTERS

Certain legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix II hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Reoffering Circular. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Remarketing Agents by their counsel, Nixon Peabody LLP.

RATINGS

Reoffered Bonds

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to assign the short term ratings to the Reoffered Bonds shown on the SUMMARY OF REOFFERING commencing on the inside front cover of this Reoffering Circular. The short term ratings on the Reoffered Bonds are based upon the Letters of Credit and the short term ratings of the Letter of Credit Providers.

Moody's, S&P and Fitch are expected to assign the long term ratings to the Reoffered Bonds shown on the SUMMARY OF REOFFERING commencing on the inside front cover of this Reoffering Circular. Such long term ratings on the Reoffered Bonds are based upon the Letters of Credit and the long term ratings of the Letter of Credit Providers.

Moody's, S&P and Fitch have assigned long term ratings to the Authority's Senior Bonds that do not have credit enhancement of "Aa3," "AA" and "AA-," respectively.

Meaning of Ratings

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such ratings could be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Reoffered Bonds.

REMARKETING

In connection with the substitution of the credit and liquidity facilities, the Reoffered Bonds are subject to a mandatory tender by the owners thereof for purchase on November 1, 2010 at a purchase price equal to the principal amount thereof. Each of the Remarketing Agents shown in the SUMMARY OF REOFFERING following the front cover of this Reoffering Circular will remarket the Reoffered Bonds for which it is the Remarketing Agent to investors effective November 1, 2010 pursuant to Remarketing Agreements between the Authority and each Remarketing Agent. The Remarketing Agents will receive remarketing fees quarterly based on the aggregate principal amount of their Series that is outstanding, plus reimbursement of certain expenses. The Remarketing Agents are not receiving any additional fees for the November 1, 2010 reoffering.

The Remarketing Agents are currently the Remarketing Agents for the Reoffered Bonds and may hold Reoffered Bonds in their inventories at the time of the mandatory tender for purchase of the Reoffered Bonds.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management Inc., San Francisco, California, as financial advisor (the "Financial Advisor") in connection with the remarketing of the Reoffered Bonds. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Reoffering Circular.

RELATIONSHIP OF CERTAIN PARTIES

Bank of America, N.A. is a Letter of Credit Provider and a party to the Reimbursement Agreement and has entered into Qualified Swap Agreements with the Authority. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a remarketing agent for some of the Reoffered Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A. are affiliated and are subsidiaries of Bank of America Corporation. Barclays Bank PLC, acting through its New York Branch, is a Letter of Credit Provider and a party to the Reimbursement Agreement. Barclays Capital Inc. is a remarketing agent for some of the Reoffered Bonds. Barclays Bank PLC and Barclays Capital Inc. are affiliated and are subsidiaries of Barclays PLC. Citibank, N.A. and Citigroup Financial Products Inc. have entered into Qualified Swap Agreements with the Authority. Citigroup Global Markets Inc. is a remarketing agent for some of the Reoffered Bonds. Citigroup Global Markets Inc., Citigroup Financial Products Inc. and Citibank, N.A. are affiliated and are subsidiaries of Citigroup Inc. Goldman Sachs Mitsui Marine Derivative Products, L.P. has entered into Qualified Swap Agreements with the Authority. Goldman, Sachs & Co. is a remarketing agent for some of the Reoffered Bonds. Goldman Sachs Mitsui Marine Derivative Products, L.P. and Goldman, Sachs & Co. are affiliated and are subsidiaries of The Goldman Sachs Group Inc. JPMorgan Chase Bank, National Association is a Letter of Credit Provider and a party to the Reimbursement Agreement and has entered into Qualified Swap Agreements with the Authority. J.P. Morgan Securities LLC is a remarketing agent for some of the Reoffered Bonds. J.P. Morgan Securities LLC and JPMorgan Chase Bank, National Association are affiliated and are subsidiaries of JPMorgan Chase & Co. Morgan Stanley Capital Services Inc. has entered into a Qualified Swap Agreement with the Authority. Morgan Stanley Bank, N.A. is a Letter of Credit Provider and a party to the Reimbursement Agreement. Morgan Stanley & Co. Incorporated is a remarketing agent for some of the Reoffered Bonds. Morgan Stanley Capital Services Inc., Morgan Stanley Bank, N.A. and Morgan Stanley & Co. Incorporated are affiliated and are subsidiaries of Morgan Stanley. Union Bank, N.A. is the Trustee under the Indenture. Union Bank, N.A. is also a Letter of Credit Provider. See APPENDIX IV "OUTSTANDING OBLIGATIONS" to this Supplement No. 2 and the information under the captions "OTHER AUTHORITY OBLIGATIONS — Reimbursement Agreement" and "— Qualified Swap Agreements" in the Information Statement.

The Authority's capital improvement projects and related activities, including the remarketing of the Reoffered Bonds, have been made possible, in part, by hiring underwriters, remarketing agents, bond insurers, reserve surety providers, liquidity providers, letter of credit providers, trustees and interest rate swap counterparties to assist the Authority. Certain of these entities or their affiliates have and continue to participate in more than one capacity in financings for, and contractual relationships with, the Authority.

CONTINUING DISCLOSURE

The Authority has never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") to provide annual reports or notices of material events. See "CONTINUING DISCLOSURE" in the Information Statement and APPENDIX C to the Information Statement entitled "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Authority is not currently required by the Rule to make such undertakings for the benefit of the Owners and Beneficial Owners of the Reoffered Bonds while the Reoffered Bonds are in a Daily Mode or a Weekly Mode.

MISCELLANEOUS

This Reoffering Circular is not to be construed as a contract or agreement between the Authority and holders of any of the Reoffered Bonds. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Reoffering Circular involving matters of opinion are intended as such and not as representations of fact.

The execution and delivery of this Reoffering Circular by an authorized officer of the Authority has been duly authorized by the Authority.

BAY AREA TOLL AUTHORITY

By: /s/ Steve Heminger
Executive Director

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APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system has been obtained from sources that the Authority and the Remarketing Agent believe to be reliable, but neither the Authority nor the Remarketing Agent take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Reoffering Circular and in APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE" in the Information Statement.

DTC will act as securities depository for the Reoffered Bonds. The Reoffered Bonds will be remarketed as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Reoffered Bond certificate will be issued for each maturity of each Series of the Reoffered Bonds, in the aggregate principal amount of maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Reoffered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Reoffered Bonds on DTC's records. The ownership interest of each actual purchaser of each Reoffered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Reoffered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Reoffered Bonds, except in the event that use of the book-entry system for the Reoffered Bonds is discontinued.

To facilitate subsequent transfers, all Reoffered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Reoffered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Reoffered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Reoffered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Authority and the Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the Reoffered Bonds.

Redemption notices shall be sent to DTC. If less than all of the Reoffered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Reoffered Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Reoffered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, premium, if any, and interest payments on the Reoffered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Reoffered Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Reoffered Bonds are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

No Assurance Regarding DTC Practices

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE REOFFERED BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE REOFFERED BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REOFFERED BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE REOFFERED BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Reoffered Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE AUTHORITY, THE TRUSTEE OR THE REMARKETING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE REOFFERED BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL REOFFERED BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE REOFFERED BONDS. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY, THE TRUSTEE OR THE REMARKETING AGENT THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE REOFFERED BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THE REOFFERING CIRCULAR.

In the event the Authority or the Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Reoffered Bonds, and the Authority does not select another qualified securities depository, the Authority shall deliver one or more Reoffered Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of Reoffered Bonds will be governed by the provisions of the Indenture.

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APPENDIX II

PROPOSED FORM OF OPINION OF BOND COUNSEL AND PRIOR OPINIONS OF BOND COUNSEL REGARDING THE REOFFERED BONDS

[Closing Date]

Bay Area Toll Authority
Oakland, California

Union Bank, N.A.
San Francisco, California
as Trustee for the Bonds

Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A, 2006 Series C-1, 2006 Series C-2, 2006 Series C-3, 2006 Series C-4, 2007 Series A-1, 2007 Series C-1, 2007 Series G-1, 2007 Series A-2, 2007 Series B-2, 2007 Series C-2, 2007 Series D-2, 2007 Series E-3, 2008 Series A-1, 2008 Series B-1, 2008 Series C-1, 2008 Series D-1, 2008 Series E-1 and 2008 Series G-1

Ladies and Gentlemen:

Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A, in the aggregate principal amount of $150,000,000, was issued by the Bay Area Toll Authority (the "Issuer") on May 24, 2001 (the "2001 Bonds"); Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series C-1, in the aggregate principal amount of $125,000,000, 2006 Series C-2, in the aggregate principal amount of $100,000,000, 2006 Series C-3, in the aggregate principal amount of $25,000,000 and 2006 Series C-4, in the aggregate principal amount of $25,000,000, were issued by the Issuer on February 8, 2006 (the "2006 Bonds"); Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-1, in the aggregate principal amount of $50,000,000, 2007 Series C-1, in the aggregate principal amount of $50,000,000 and 2007 Series G-1, in the aggregate principal amount of $50,000,000, were issued by the Issuer on May 15, 2007 (the "2007-1 Bonds"); and Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-2, in the aggregate principal amount of $75,000,000, 2007 Series B-2, in the aggregate principal amount of $75,000,000, 2007 Series C-2, in the aggregate principal amount of $25,000,000, 2007 Series D-2, in the aggregate principal amount of $100,000,000 and 2007 Series E-3, in the aggregate principal amount of $100,000,000, were issued by the Issuer on October 25, 2007 (the "2007-2 Bonds"); Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series A-1 Bonds, in the aggregate principal amount of $110,000,000, 2008 Series B-1 Bonds, in the aggregate principal amount of $110,000,000, 2008 Series C-1 Bonds, in the aggregate principal amount of $25,000,000, 2008 Series D-1 Bonds, in the aggregate principal amount of $155,000,000, 2008 Series E-1 Bonds, in the aggregate principal amount of $57,760,000 and 2008 Series G-1 Bonds, in the aggregate principal amount of $50,000,000, were issued by the Issuer on June 5, 2008 (the "2008-1 Bonds," and together with the 2001 Bonds, the 2006 Bonds, the 2007-1 Bonds and the 2007-2 Bonds, the "Bonds"), pursuant to a Master Indenture, dated as of May 1, 2001 (the "Master Indenture"), as supplemented by the First Supplemental Indenture, dated as of May 1, 2001 (the "First Supplemental Indenture"); the Second Supplemental Indenture, dated as of February 1, 2003 (the "Second Supplemental Indenture"); the Third Supplemental Indenture, dated as of October 1, 2004 (the "Third Supplemental Indenture"); the Fourth Supplemental

Indenture, dated as of October 1, 2005 (the "Fourth Supplemental Indenture"); the Fifth Supplemental Indenture, dated as of February 1, 2006 (the "Fifth Supplemental Indenture"); the Sixth Supplemental Indenture, dated as of April 1, 2006 (the "Sixth Supplemental Indenture"); the Seventh Supplemental Indenture, dated as of May 1, 2007 (the "Seventh Supplemental Indenture"); the Eighth Supplemental Indenture, dated as of October 1, 2007 (the "Eighth Supplemental Indenture"); the Ninth Supplemental Indenture, dated as of April 1, 2008 (the "Ninth Supplemental Indenture"); the Tenth Supplemental Indenture, dated as June 1, 2008 (the "Tenth Supplemental Indenture"); the Eleventh Supplemental Indenture, dated as of August 1, 2008 (the "Eleventh Supplemental Indenture"); the Twelfth Supplemental Indenture, dated as of August 1, 2008 (the "Twelfth Supplemental Indenture"); the Thirteenth Supplemental Indenture, dated as of August 1, 2009 (the "Thirteenth Supplemental Indenture"); the Fourteenth Supplemental Indenture, dated as of November 1, 2009 (the "Fourteenth Supplemental Indenture"); the Fifteenth Supplemental Indenture (the "Fifteenth Supplemental Indenture"), dated as of February 1, 2010; and as supplemented by the Sixteenth Supplemental Indenture, dated as of October 1, 2010 (the "Sixteenth Supplemental Indenture," and together with the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture and the Fifteenth Supplemental Indenture, the "Indenture") each between the Issuer and Union Bank, N.A. (formerly known as Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Pursuant to Section 15.13 of the First Supplemental Indenture, 40.13 of the Fifth Supplemental Indenture, 54.14 of the Seventh Supplemental Indenture, 61.14 of the Eighth Supplemental Indenture and 70.14 of the Tenth Supplemental Indenture, and a Reimbursement Agreement, dated as of September 28, 2010 (the "Reimbursement Agreement"), by and among the Issuer, JPMorgan Chase Bank, National Association, as bank agent, and the banks listed therein (the "Credit Providers"), Letters of Credit, each dated the date hereof (the "Substitute Liquidity Instruments"), by the respective Credit Provider executing the same, are being delivered as substitute liquidity for the Bonds and, in connection therewith, the Bonds are being remarketed following mandatory tender at the direction if the Issuer on the date hereof .

In connection with the liquidity substitution and the remarketing of the Bonds, in each case as described above, as bond counsel to the Issuer, we have reviewed the Indenture, the Reimbursement Agreement, the Substitute Liquidity Instruments, the tax certificates of the Issuer (the "Tax Certificates"), opinions of counsel to the Issuer, the Credit Providers and the Trustee, certificates of the Issuer, the Trustee, the Credit Providers, and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

The opinion expressed herein is based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or, in the case of the 2008 Series A-1 Bonds after the reoffering of such series of Bonds on August 27, 2009, or the exclusion of interest on the Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner reaffirm any of the matters covered in any opinion we rendered on the date of or in connection with issuance of the Bonds (or, in the case of the 2008 Series A -1 Bonds since August 27, 2009), including (without limitation) validity of the Bonds. You may henceforth consider the third paragraph of the 2001 Series A opinion dated May 24, 2001 and the 2006 Series C opinion dated February 8, 2006 (collectively, the "Original Opinions") to be deleted, provided that the Original Opinions speak only as of their date and accordingly may not be relied upon in connection with any actions taken or omitted or events occurring or matters coming to our attention after the date of said Original Opinions. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificates and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering material relating to the Bonds in connection with the delivery of the Substitute Liquidity Instrument, the remarketing of the Bonds or otherwise and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer and the delivery of the Substitute Liquidity Instruments to the Trustee is authorized under the Indenture and complies with the terms thereof.

2. The delivery of the Substitute Liquidity Instruments to the Trustee and the remarketing of the Bonds in accordance with the provisions of the Indenture will not, in and of itself, adversely affect the validity of the Bonds or the exclusion from gross income of interest on the Bonds for federal income tax purposes.

This opinion is furnished by us as bond counsel to the Issuer for purposes of Sections 15.13 of the First Supplemental Indenture, 40.13 of the Fifth Supplemental Indenture, 54.14 of the Seventh Supplemental Indenture, 61.14 of the Eighth Supplemental Indenture and 70.14 of the Tenth Supplemental Indenture. The foregoing opinion is limited to matters arising under the federal laws of the United States of America and the laws of the State of California. No attorney-client relationship has existed or exists between our firm and the Trustee or our firm and the Remarketing Agents in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion. This opinion is delivered to the addressees hereof pursuant to the aforementioned Sections and is not to be used or relied upon for any other purpose.

Very truly yours,

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May 24, 2001

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds
(Variable Rate Demand Bonds),
2001 Series A, 2001 Series B and 2001 Series C
and
Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds
(Fixed Rate Bonds),
2001 Series D
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Bay Area Toll Authority (the "Issuer") of $300,000,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds (Variable Rate Bonds), 2001 Series A, 2001 Series B and 2001 Series C (the Variable Rate Bonds") and of $100,000,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds (Fixed Rate Bonds), 2001 Series D (the "Fixed Rate Bonds," and, together with the Variable Rate Bonds, hereinafter collectively referred to as, the "Bonds"), issued pursuant to the provisions of Chapter 4.3 of Division 17 of the California Streets and Highway Code and Chapter 6 of Part 1 of Division 2 of Title 5 of California Government Code, and a Master Indenture, dated as of May 1, 2001, as supplemented by a First Supplemental Indenture, dated as of May 1, 2001 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank of California, N. A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

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The interest rate mode on the Variable Rate Bonds and certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated May 10, 2001, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per Mary A. Collins

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February 8, 2006

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds,
2006 Series A-1, 2006 Series A-2, 2006 Series A-3,
2006 Series B-1, 2006 Series B-2, 2006 Series C, 2006 Series D-1,
2006 Series D-2, 2006 Series D-3, 2006 Series E-1 and 2006 Series E-2
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Bay Area Toll Authority (the "Issuer") in connection with issuance of $1,000,000,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series A-1, 2006 Series A-2, 2006 Series A-3, 2006 Series B-1, 2006 Series B-2, 2006 Series C, 2006 Series D-1, 2006 Series D-2, 2006 Series D-3, 2006 Series E-1 and 2006 Series E-2 (collectively, the "Bonds"), issued pursuant to the provisions of Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highway Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, and a Master Indenture, dated as of May 1, 2001, as previously supplemented and as supplemented by a Fifth Supplemental Indenture, dated as of February 1, 2006 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The interest rate mode on each series of the Bonds and certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated February 2, 2006, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California

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Bay Area Toll Authority
February 8, 2006
Page 3

personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per Mary A. Collins

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May 15, 2007

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds,
2007 Series A-1, 2007 Series B-1, 2007 Series C-1, 2007 Series D-1,
2007 Series E-1, 2007 Series E-2, 2007 Series F and 2007 Series G-1
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Bay Area Toll Authority (the "Issuer") in connection with issuance of $810,950,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-1, 2007 Series B-1, 2007 Series C-1, 2007 Series D-1, 2007 Series E-1, 2007 Series E-2, 2007 Series F and 2007 Series G-1 (collectively, the "Bonds"), issued pursuant to the provisions of Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highway Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, and a Master Indenture, dated as of May 1, 2001, as previously supplemented and as supplemented by a Seventh Supplemental Indenture, dated as of May 1, 2007 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other

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matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated April 26, 2007, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per Maya Collins

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October 25, 2007

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds,
William P. Hansen, Jr. Issue,
2007 Series A-2, 2007 Series B-2, 2007 Series C-2,
2007 Series D-2, 2007 Series E-3, 2007 Series G-2 and 2007 Series G-3
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Bay Area Toll Authority (the "Issuer") in connection with issuance of $500,000,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, William P. Hansen, Jr. Issue, 2007 Series A-2, 2007 Series B-2, 2007 Series C-2, 2007 Series D-2, 2007 Series E-3, 2007 Series G-2 and 2007 Series G-3 (collectively, the "Bonds"), issued pursuant to the provisions of Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highway Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, and a Master Indenture, dated as of May 1, 2001, as previously supplemented and as supplemented by an Eighth Supplemental Indenture, dated as of October 1, 2007 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has

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concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated October 16, 2007, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

ORRICK

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June 5, 2008

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds,
2008 Series A-1, 2008 Series B-1, 2008 Series C-1,
2008 Series D-1, 2008 Series E-1 and 2008 Series G-1
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Bay Area Toll Authority (the "Issuer") in connection with issuance of $507,760,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series A-1, 2008 Series B-1, 2008 Series C-1, 2008 Series D-1, 2008 Series E-1 and 2008 Series G-1 (collectively, the "Bonds"), issued pursuant to a Master Indenture, dated as of May 1, 2001, as previously supplemented and as supplemented by a Tenth Supplemental Indenture, dated as of June 1, 2008 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

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ORRICK

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated May 29, 2008, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per Mary A. Collins

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August 27, 2009

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds,
2008 Series A-1
(Reoffering Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Bay Area Toll Authority (the "Issuer") in connection with reoffering of $110,000,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series A-1 (the "Bonds"), issued pursuant to a Master Indenture, dated as of May 1, 2001, as supplemented, including as supplemented by a Tenth Supplemental Indenture, dated as of June 1, 2008 (hereinafter collectively referred to as the "Indenture"), between the Issuer and Union Bank, N. A. (formerly known as Union Bank of California, N. A.), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificates of the Issuer, dated June 5, 2008 and the date hereof (the "Tax Certificates"), opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificates, including, without limitation, covenants and agreements

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compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificates and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Information Statement, dated July 22, 2009, or Supplement No. 2 thereto, dated August 20, 2009, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds including whether interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per Marya A. Collins

APPENDIX III

PROJECTED DEBT SERVICE SCHEDULE

The table below shows the projected annual debt service requirements for all of the Authority's outstanding Senior Bonds and Subordinate Bonds as of the date of remarketing of the Reoffered Bonds.

Fiscal Year Ending (June 30)	**Outstanding Senior Debt Service[(1)]**	**Outstanding Subordinate Debt Service[(2)]**	**Outstanding Total Debt Service[(1)(2)]**
2011	$ 332,373,295	$ 78,390,000	$ 410,763,295
2012	332,286,334	104,520,000	436,806,334
2013	332,404,466	104,520,000	436,924,466
2014	336,136,429	104,520,000	440,656,429
2015	336,098,661	104,520,000	440,618,661
2016	342,606,843	104,520,000	447,126,843
2017	342,661,812	104,520,000	447,181,812
2018	342,639,396	104,520,000	447,159,396
2019	342,662,746	104,520,000	447,182,746
2020	358,664,093	122,650,000	481,314,093
2021	358,666,612	122,223,429	480,890,041
2022	358,664,471	121,772,175	480,436,646
2023	358,665,721	121,309,198	479,974,919
2024	358,663,306	120,816,444	479,479,750
2025	358,663,375	120,306,873	478,970,248
2026	358,666,171	119,772,429	478,438,600
2027	358,662,696	119,220,395	477,883,091
2028	358,664,518	118,637,374	477,301,892
2029	358,649,232	118,030,649	476,679,881
2030	358,464,611	117,396,823	475,861,434
2031	358,243,626	117,887,500	476,131,126
2032	357,339,237	117,152,887	474,492,124
2033	356,292,258	116,388,843	472,681,101
2034	355,200,906	115,585,872	470,786,778
2035	354,063,362	114,754,823	468,818,185
2036	352,876,255	113,880,507	466,756,762
2037	351,897,302	112,973,428	464,870,730
2038	350,928,036	112,018,050	462,946,086
2039	349,918,744	111,019,533	460,938,277
2040	321,915,217	136,937,340	458,852,557
2041	320,824,435	111,415,500	432,239,935
2042	319,693,080	109,064,834	428,757,914
2043	318,522,971	106,619,017	425,141,988

(Table continued on following page)

Fiscal Year Ending (June 30)	Outstanding Senior Debt Service[(1)]	Outstanding Subordinate Debt Service[(2)]	Outstanding Total Debt Service[(1)(2)]
2044	317,300,095	104,068,401	421,368,496
2045	316,035,512	101,414,045	417,449,557
2046	315,451,673	98,092,002	413,543,675
2047	314,956,318	92,723,124	407,679,442
2048	314,883,837	87,128,270	402,012,107
2049	314,883,835	79,684,977	394,568,812
2050	—	386,826,641	386,826,641
TOTAL	**$13,346,191,488**	**$4,682,321,382**	**$18,028,512,870**

(1) Assumes an interest rate of 5.25% per annum for the 2001 Series A Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the 2001 Series D Fixed Rate Bonds, an interest rate of 4.32% per annum for the 2006 Series C-1, C-2, C-3 and C-4 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the 2006 Series F Fixed Rate Bonds, an interest rate of 5.13% per annum for the 2007 Series A-1, C-1 and G-1 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the 2007 Series F Fixed Rate Bonds, an interest rate of 4.88% per annum for the 2007 Series A-2, B-2, C-2, D-2 and E-3 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), an interest rate of 4.99% for $500 million of the 2008 Series A-1, B-1, C-1, D-1, E-1 and G-1 Bonds subject to an interest rate swap (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), and an interest rate of 3.91% for the $7.76 million of the 2008 Series E-1 Bonds not subject to an interest rate swap agreement (inclusive of liquidity facility and remarketing fees) and the actual interest rates on the 2008 Series F-1 Bonds, the 2009 Series F-1 Bonds, and the 2009 Series F-2 Bonds.

(2) Assumes the actual interest rates on the 2010 Series S-1 Bonds.

Note: Totals may not add due to independent rounding of numbers.

APPENDIX IV

OUTSTANDING OBLIGATIONS

Senior Bonds and Senior Obligations

At the time of reoffering of the Reoffered Bonds, there will be outstanding $5,595,125,000 principal amount of Senior Bonds secured on a parity with the Reoffered Bonds as indicated below.

Bonds	Outstanding Principal Amount	Interest Rate
San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A	$150,000,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series D	$7,160,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series C-1, 2006 Series C-2, 2006 Series C-3 and 2006 Series C-4	$275,000,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series F	$1,043,260,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-1, 2007 Series C-1 and 2007 Series G-1	$150,000,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series F	$310,495,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-2, 2007 Series B-2, 2007 Series C-2, 2007 Series D-2 and 2007 Series E-3	$375,000,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series A-1, 2008 Series B-1, 2008 Series C-1, 2008 Series D-1, 2008 Series E-1 and 2008 Series G-1	$507,760,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-1	$707,730,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2009 Series F-1	$768,720,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2009 Series F-2	$1,300,000,000	Fixed (Taxable)
TOTAL	$5,595,125,000	

Qualified Swap Agreements

In addition to its outstanding Senior Bonds, the Authority has Senior Obligations outstanding, including the scheduled payment obligations under Qualified Swap Agreements listed below. Termination payments and payments of fees and expenses under the Qualified Swap Agreements are Subordinate Obligations and not Senior Obligations. See “OTHER AUTHORITY OBLIGATIONS — Qualified Swap Agreements” in the Information Statement for additional information concerning Qualified Swap Agreements.

Qualified Swap Agreements

Counterparty	Notional Amount	Rate Paid by Authority	Rate Received by Authority
Bank of America, N.A.	$30,000,000 amortizing to $0 by April 1, 2045	3.633% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
Bank of America, N.A.	$50,000,000 amortizing to $0 by April 1, 2047	3.6255% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
Bank of America, N.A.	$160,000,000 amortizing to $0 by April 1, 2045(2)	A floating per annum rate based on the SIFMA Swap Index(3)	4.013% per annum
Bank of America, N.A.	$125,000,000 amortizing to $0 by April 1, 2045	3.6418% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
Citibank, N.A.	$225,000,000 amortizing to $0 by April 1, 2045	3.6375% per annum	A floating per annum rate based on 53.80% of the one-month LIBOR Index(1) plus 0.74%
Citibank, N.A.	$260,000,000 amortizing to $0 by April 1, 2047	3.636% per annum	A floating per annum rate based on 53.8% of the one-month LIBOR Index(1) plus 0.74%
Citibank, N.A.	$105,355,000 amortizing to $0 by April 1, 2047(2)	A floating per annum rate based on the SIFMA Swap Index(3)	3.967% per annum
Citigroup Financial Products Inc.	$75,000,000, amortizing to $0 by April 1, 2036	4.10% per annum	A floating per annum rate based on 65% of the one-month LIBOR Index(1)
Goldman Sachs Mitsui Marine Derivative Products, L.P.	$85,000,000 amortizing to $0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
Goldman Sachs Mitsui Marine Derivative Products, L.P.	$60,000,000 amortizing to $0 by April 1, 2045	3.6418% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
JPMorgan Chase Bank, N.A.	$143,900,000 amortizing to $0 by April 1, 2047(2)	A floating per annum rate based on the SIFMA Swap Index(3)	3.9025% per annum
JPMorgan Chase Bank, N.A.	$245,000,000 amortizing to $0 by April 1, 2045	4.00% per annum	A floating per annum rate based on 67.8% of the ten-year LIBOR CMS(4)
JPMorgan Chase Bank, N.A.	$270,000,000 amortizing to $0 by April 1, 2046	4.00% per annum	A floating per annum rate based on 69.33% of the five-year LIBOR CMS(5)

(Table continued on following page)

Counterparty	Notional Amount	Rate Paid by Authority	Rate Received by Authority
Morgan Stanley Capital Services Inc.	$75,000,000, amortizing to $0 by April 1, 2036	4.09% per annum	A floating per annum rate based on 65% of the one-month LIBOR Index(1)
The Bank of New York Mellon	$146,445,000 amortizing to $0 by April 1, 2047(2)	A floating per annum rate based on the SIFMA Swap Index(3)	4.04% per annum
The Bank of New York Mellon	$170,000,000 amortizing to $0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)
The Bank of New York Mellon	$40,000,000 amortizing to $0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one-month LIBOR Index(1)

(1) Defined, generally, as the rate for United States dollar denominated deposits in the Eurodollar interbank market with a designated maturity of one-month as quoted in a source nominated by the British Bankers' Association.

(2) Counterparties have the right to cancel the Qualified Swap Agreement on April 1, 2011.

(3) Defined, generally, as a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations as produced by Municipal Market Data and made available by the Securities Industry and Financial Markets Association.

(4) Amended on 6/1/06 from 75.105% one month LIBOR; swap mode is in 2 legs, converts back to 75.105% one month LIBOR on 4/1/2036.

(5) Amended on 6/1/06 from 75.08% one month LIBOR; swap mode is in 2 legs, converts back to 75.08% one month LIBOR on 4/1/2041.

New Credit Facilities

The Authority has entered into a Reimbursement Agreement dated as of September 28, 2010 with the banks listed on Appendix V pursuant to which, if certain conditions are met, such banks will issue on November 1, 2010 letters of credit in the aggregate notional amount of $1,457,760,000 plus 34 days interest thereon at 12% per annum to provide liquidity support for the Reoffered Bonds. The Authority's reimbursement obligations under the Reimbursement Agreement are on parity with the Reoffered Bonds. See "OTHER AUTHORITY OBLIGATIONS – New Credit Facilities" in the Information Statement for additional information.

Subordinate Obligations

At the time of remarketing of the Reoffered Bonds, there will be outstanding $1,500,000,000 principal amount of Subordinate Bonds secured on a basis subordinate to the Reoffered Bonds. At the time of remarketing of the Reoffered Bonds, the Authority expects to have priced an additional $800,000,000* of Subordinate Bonds. There can be no assurance that such pricing will occur. If such Subordinate Bonds are issued in the amount of $800,000,000, the total outstanding amount of Subordinate Bonds will be as indicated below.

Bonds	Outstanding Principal Amount	Interest Rate
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-1	$1,500,000,000	Fixed (Taxable)
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-2	$400,000,000*	Fixed
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-3	$400,000,000*	Fixed (Taxable)
TOTAL	$2,300,000,000*	

* Preliminary, subject to change.

APPENDIX V

THE LETTERS OF CREDIT PROVIDERS

The information contained in this appendix has been provided by the Letters of Credit Providers. No representation as to the accuracy or completeness of such information is made by the Authority or the Remarketing Agents. The delivery of the Reoffering Circular shall not create any implication that there has been no change in the affairs of the Letters of Credit Providers since the date hereof, or that the information contained or referred to in this appendix is correct as of any time subsequent to its date.

BANK OF AMERICA, N.A.

Note: This Appendix contains credit ratings information for Bank of America, N.A. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, credit ratings may not be included for marketing purposes in offering documents for SEC-registered offerings without obtaining and filing with the SEC the consent of the ratings agencies. Therefore, this Appendix including the credit ratings may only be used in offering memoranda and other disclosure documents for nonregistered offerings, and not in registration statements or prospectuses in an SEC-registered transaction. Because of the changes in credit ratings disclosures in SEC-registered transactions, it is possible that the ratings agencies may express concern about the use of credit ratings in nonregistered offering documents. In such case, there may be future modifications to this Appendix to remove references to credit ratings.

Bank of America, N.A. ("BANA") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. BANA is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2010, BANA had consolidated assets of $1.519 trillion, consolidated deposits of $1.007 trillion and stockholder's equity of $170 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and BANA is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by BANA. Moody's Investors Service, Inc. ("Moody's") currently rates BANA's long-term debt as "Aa3" and short-term debt as "P-1." The outlook is negative. Standard & Poor's currently rates BANA's long-term debt as "A+" and its short-term debt as "A-1." The outlook is negative. Fitch Ratings, Inc. ("Fitch") currently rates long-term debt of BANA as "A+" and short-term debt as “F1+.” The outlook is stable. Further information with respect to such ratings may be obtained from Moody’s, Standard & Poor’s and Fitch, respectively. No assurances can be given that the current ratings of BANA’s instruments will be maintained.

BANA will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of BANA delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF BANA, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or BANA since the date hereof, or that the information contained or referred to in this Appendix C is correct as of any time subsequent to its date.

BANK OF TOKYO – MITSUBISHI UFJ, LTD

The Bank of Tokyo-Mitsubishi UFJ Ltd. (“BTMU”) is a Japanese banking corporation with its head office in Tokyo, Japan. It is a wholly owned subsidiary of Mitsubishi UFJ Financial Group Inc. With over 34,000 employees and 848 branches worldwide (as of March 31, 2010), BTMU is Japan’s largest bank. BTMU also provides a wide range of international banking and financial services worldwide, and is one of the largest banks in the world by deposits and loan portfolio. It is one of the top 10 banks in the world as measured by assets and market capitalization. BTMU’s long-term/short-term ratings are Aa2/P-1, A+/A-1 and A/F1 from Moody’s, Standard & Poor’s and Fitch respectively.

As of March 31, 2010, BTMU had total assets of ¥165,095 billion (U.S.$1.774 billion) and total deposits of ¥111,606 billion (U.S.$1.200 billion). Net income for this same period was reported ¥ 363 billion (U.S.$4 billion). These figures are extracted from The Annual Securities Report (Excerpt) for the Fiscal Year ended March 31, 2010 for BTMU (the “Annual Securities Report”). The Annual Securities Report, including any update to the above quarterly figures, can be found at www.bk.mufg.jp.

The financial information presented above was translated into U.S. dollars from the Japanese yen amounts set forth in the audited financial statements in the Annual Securities Report, which were prepared in accordance with the auditing standards generally accepted in Japan (“JGAAP”) and not in accordance with U.S. GAAP. The translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan and were made at the rate of ¥93.04 to U.S. $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

BARCLAYS BANK PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA- by Standard & Poor's, Aa3 by Moody's and AA- by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2009, the Group had total assets of £1,379,148 million (2008: £2,053,029 million), total net loans and advances[1] of £461,359 million (2008: £509,522 million), total deposits[2] of £398,901 million (2008: £450,443 million), and total shareholders' equity of £58,699 million (2008: £43,574 million) (including non-controlling interests of £2,774 million (2008: £2,372 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2009 was £4,559 million (2008: £5,094 million) after impairment charges and other credit provisions of £8,071 million (2008: £5,419 million). Profit after tax for the year ended 31 December 2009, including discontinued operations and the sale of Barclays Global Investors, was £10,289 million (2008: £5,249 million). The financial information in this paragraph is extracted from the audited Annual Report of the Group for the year ended 31 December 2009.

Based on the Group's unaudited financial information for the six months ended 30 June 2010, the Group had total assets of £1,587,806 million, total net loans and advances[1] of £494,190 million, total deposits[2] of £455,297 million, and total shareholders' equity of £61,720 million (including non-controlling interests of £3,016 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2010 was £3,947 million after impairment charges on loans and advances and other credit provisions of £3,080 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of the Group for the six months ended 30 June 2010.

The delivery of the information concerning Barclays Bank PLC and the Group herein shall not create any implication that there has been no change in the affairs of Barclays Bank PLC and the Group

[1] Total net loans and advances include balances relating to both bank and customer accounts.

[2] Total deposits include deposits from bank and customer accounts.

since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this section of the Official Statement and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Official Statement. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank") is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMorgan Chase Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of June 30th, 2010, JPMorgan Chase Bank, National Association, had total assets of $1,568.1 billion, total net loans of $538.1 billion, total deposits of $969.0 billion, and total stockholder's equity of $131.1 billion. These figures are extracted from JPMorgan Chase Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of June 30th, 2010, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2009, of JPMorgan Chase & Co., the 2009 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

The information contained in this Appendix relates to and has been obtained from JPMorgan Chase Bank. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

LLOYDS TSB BANK GROUP

Lloyds TSB Bank plc ("Lloyds Bank") is a wholly-owned subsidiary of Lloyds Banking Group plc ("Lloyds Group"). Lloyds Bank and its subsidiaries comprise one of the leading United Kingdom-based financial services groups, whose businesses provide a wide range of banking and financial services in the United Kingdom and overseas.

Availability of Public Information

Lloyds Bank will provide, upon request, to each person to whom this Reoffering Circular is delivered a copy of the most recently available (i) Annual Report and Accounts of Lloyds Bank and Lloyds Group and (ii) Annual Report on Form 20F of Lloyds Group. Written requests should be directed to Lloyds Bank at 1095 Avenue of the Americas, 34th Floor, New York, New York 10036; Attention: Structured Finance. Additional information (including full copies of each such Report and Accounts) is available from the Lloyds Group web site at http://www.investorrelations.lloydsbankinggroup.com.

MORGAN STANLEY BANK, N.A.

Morgan Stanley Bank, N.A. ("MS Bank") is a national banking association with its principal office in Salt Lake City, Utah, and is an indirect, wholly owned subsidiary of Morgan Stanley, a Delaware corporation ("Morgan Stanley"). MS Bank is primarily a wholesale commercial bank that offers consumer lending and commercial lending services in addition to deposit products. As an FDIC-insured national bank, MS Bank is subject to supervision and regulation by the Office of the Comptroller of the Currency ("OCC"). MS Bank's obligations are not guaranteed by Morgan Stanley.

MS Bank's long-term ratings are A1, A+ and A by Moody's, S&P and Fitch, respectively. MS Bank's short-term ratings are P-1, A-1 and F1 by Moody's, S&P and Fitch, respectively. On August 11, 2008, Moody's downgraded the long-term rating from Aa3 to A1. S&P lowered MS Bank's ratings from AA-/A-1+ to A+/A-1 on December 19, 2008. Fitch downgraded MS Bank's ratings from A+/F1 to A/F1 on August 25, 2010.

MS Bank files call reports each quarter with the FDIC, which include income statement and balance sheet information. The call reports are publicly available on the FDIC's website at https://cdr.ffiec.gov/public/ManageFacsimiles.aspx. The availability of MS Bank's past financial information at this website shall not create any implication that the information contained or referred to herein or therein is correct as of any time subsequent to its date.

SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (*Kabushiki Kaisha Mitsui Sumitomo Ginko*) ("SMBC") is a joint stock corporation with limited liability (*Kabushiki Kaisha*) under the laws of Japan. The registered head office of SMBC is located at 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established through a stock transfer as a holding company under which SMBC became a wholly owned subsidiary. SMFG reported ¥ 123,159,513 million in consolidated total assets as of March 31, 2010.

SMBC is one of the world's leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the State of New York Banking Department to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the State of New York Banking Department and the Federal Reserve Bank of New York.

Financial and Other Information

Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal years ended March 31, 2010, as well as other corporate data, financial information and analyses are available in English on the website of the Parent at www.smfg.co.jp/english.

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred herein is correct as of any time subsequent to its date.

UNION BANK, N.A.

Union Bank is a full-service commercial bank providing an array of financial services to individuals, small businesses, middle-market companies, and major corporations. Union Bank operates 339 branches and 561 ATM's in California, Oregon, Washington, and Texas, as well as two international offices. Union Bank serves commercial clients across the country, and has a retail customer base of approximately 1 million households.

Union Bank, N.A. is the primary subsidiary of UnionBanCal Corporation (the "Corporation"), the second-largest commercial bank holding company headquartered in California, based on assets of $86 billion at June 30, 2010. UnionBanCal is a wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and a member of the Mitsubishi UFJ Financial Group, Inc., one of the world's largest financial organizations.

For the quarter ending June 30, 2010, the Corporation had loans totaling $48.4 billion, total assets of $84.3 billion and total deposits of $66.3 billion. For 2009, a net loss of $65 million was reported, $59 million of which were expenses directly related to the privatization transaction by The Bank of Tokyo–Mitsubishi UFJ, Ltd. (BTMU) to acquire all outstanding shares of UnionBanCal Corporation common stock. The transaction was completed in November 2008. Net income for 2008 was $268.9 million. Copies of the latest annual report and the most recent quarterly report may be obtained at www.unionbank.com or at Union Bank's Los Angeles office, located at 445 South Figueroa Street, Los Angeles, California 90071.

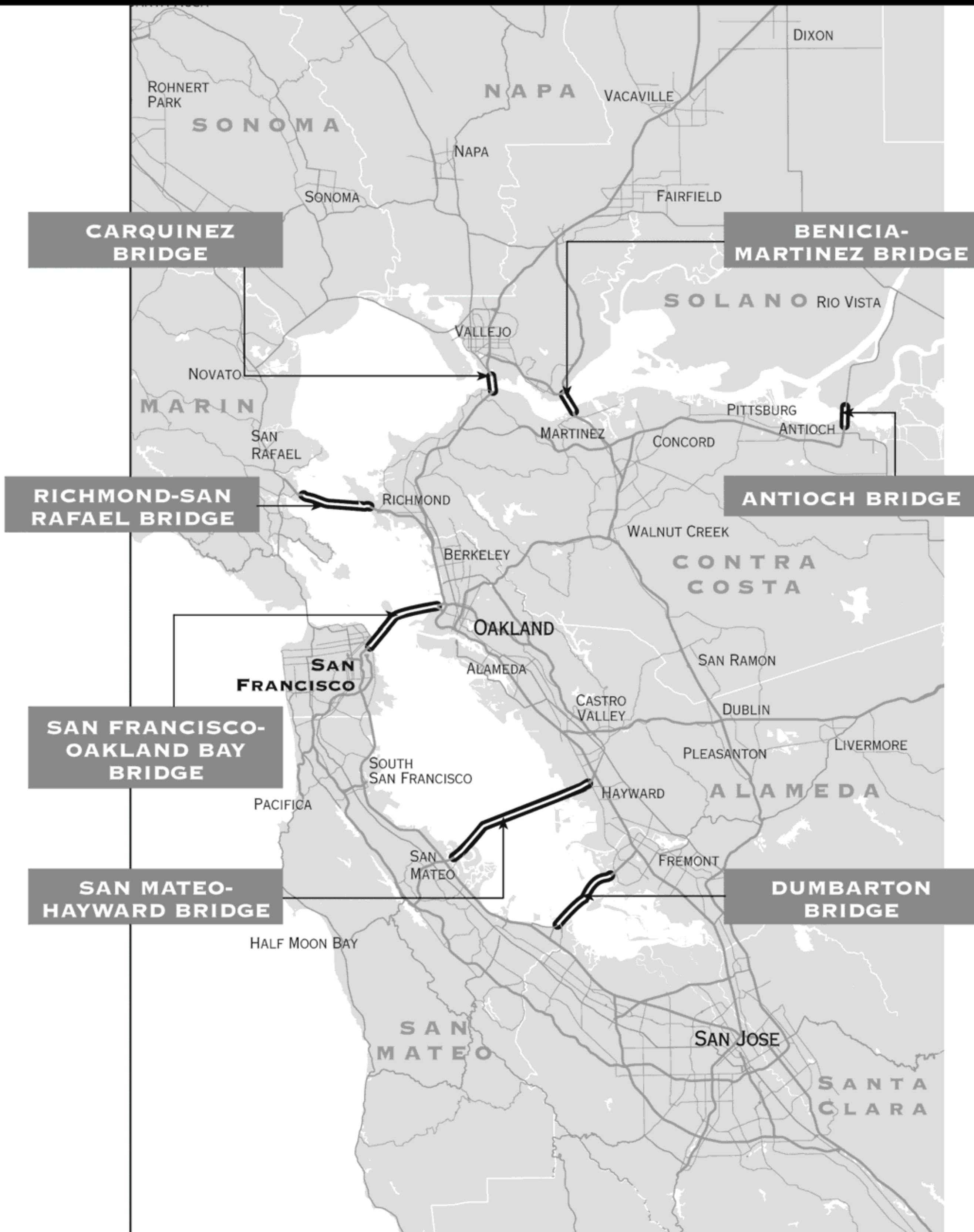
BAY AREA TOLL AUTHORITY

INFORMATION STATEMENT

(Including Metropolitan Transportation Commission
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2010)

Dated: October 13, 2010

THE BATA BRIDGES



BAY AREA TOLL AUTHORITY

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MEMBERS AND OFFICERS

Voting Members

SCOTT HAGGERTY —Chair	Alameda County
ADRIENNE TISSIER— Vice Chair	San Mateo County
TOM BATES	Cities of Alameda County
DEAN J. CHU	Cities of Santa Clara County
DAVE CORTESE	Association of Bay Area Governments
CHRIS DALY	City and County of San Francisco
BILL DODD	Napa County and Cities
FEDERAL D. GLOVER	Contra Costa County
ANNE W. HALSTED	San Francisco Bay Conservation and Development Commission
STEPHEN KINSEY	Marin County
SUE LEMPERT	Cities of San Mateo County
JAKE MACKENZIE	Sonoma County and Cities
JON RUBIN	San Francisco Mayor's appointee
JAMES P. SPERING	Solano County and Cities
AMY REIN WORTH	Cities of Contra Costa County
KEN YEAGER	Santa Clara County

Non-Voting Members

TOM AZUMBRADO	U.S. Department of Housing and Urban Development
DORENE M. GIACOPINI	U.S. Department of Transportation
BIJAN SARTIPI	State Business, Transportation and Housing Agency

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STEVE HEMINGER, Executive Director
ANN FLEMER, Deputy Executive Director
ANDREW B. FREMIER, Deputy Executive Director
BRIAN MAYHEW, Chief Financial Officer
RODNEY F. MCMILLAN, Director of Bridge Oversight and Operations
ADRIENNE D. WEIL, General Counsel

SENIOR INDENTURE TRUSTEE
Union Bank, N.A.
San Francisco, California

SUBORDINATE INDENTURE TRUSTEE
The Bank of New York Mellon
Trust Company, N.A.
Los Angeles, California

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

FINANCIAL ADVISOR
Public Financial Management Inc.
San Francisco, California

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(continued)

IMPORTANT NOTICES

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of securities by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Bay Area Toll Authority (the "Authority"), the State of California Department of Transportation (referred to herein as "Caltrans") and other sources that are believed by the Authority to be reliable.

A wide variety of other information concerning the Bridge System and the Seismic Retrofit Program is available from state and local agencies, publications and websites, including http://baybridgeinfo.org, http://baybridge360.org, and the Authority's website at http://bata.mtc.ca.gov. Any such information that is inconsistent with the information set forth in this Information Statement should be disregarded. No such information is a part of or incorporated into this Information Statement. The references to internet websites contained in this Information Statement are shown for reference and convenience only; the information contained in such websites is not incorporated herein by reference and does not constitute a part of this Information Statement.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Information Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the underwriters for any toll bridge revenue bonds. This Information Statement is not to be construed as a contract with the purchasers of any toll bridge revenue bonds.

This Information Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Information Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. Investors must read the entire Official Statement (consisting of this Information Statement and the applicable supplement) to obtain information essential to the making of an informed investment decision. This Information Statement is submitted with respect to the sale of the Authority's toll bridge revenue bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of this Information Statement and its distribution have been duly authorized and approved by the Authority. The Authority intends to update this Information Statement after MTC's audited financial statements for the fiscal year ending June 30, 2011, become available and annually thereafter; however, other than what is provided in the Continuing Disclosure Agreements relating to toll bridge revenue bonds issued by the Authority, the Authority is not obligated to provide any update hereto and may discontinue its annual updates at any time without notice. See "CONTINUING DISCLOSURE."

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Capitalized terms used but not defined herein are defined in APPENDIX B and APPENDIX C.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS INFORMATION STATEMENT

Some statements contained in this Information Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Information Statement.

The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

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INTRODUCTION AND PURPOSE OF THIS INFORMATION STATEMENT

This Information Statement dated October 13, 2010 (this "Information Statement") relates to the Bay Area Toll Authority (the "Authority"), which administers the toll revenues from seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (each, a "Bridge" and collectively, the "Bridge System"). This Information Statement describes the Authority, the Bridge System, the program to modify existing Bridges to better withstand earthquakes (the "Seismic Retrofit Program"), other capital projects and programs funded by the Authority, the Authority's toll bridge revenue bonds and the security and sources of payment therefore, and certain other investment considerations.

The Authority has authorized the use of this Information Statement by underwriters offering and selling toll bridge revenue bonds for the Authority and by remarketing agents reoffering and selling toll bridge revenue bonds required by the Authority to be tendered for remarketing. However, this Information Statement may not be used for any such transaction unless it is accompanied by the Authority's Supplement for that transaction. This Information Statement and the appropriate Supplement together are the "Official Statement" of the Authority. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BAY AREA TOLL AUTHORITY

The Authority is a public agency created in 1997 by California law. It operates pursuant to Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 made applicable to the Authority by California Streets and Highways Code Section 30961 (collectively, as amended from time to time, the "Act").

The governing body of the Authority consists of 16 voting members appointed by local agencies and three nonvoting members appointed by state and federal agencies. The current members are listed in the prefatory pages of this Information Statement. There are two members each from the City and County of San Francisco and from Alameda, Contra Costa, San Mateo, and Santa Clara Counties, one member each from Marin, Napa, Solano and Sonoma Counties, one member each appointed by the Association of Bay Area Governments and the San Francisco Bay Conservation and Development Commission, and one non-voting member each appointed by the Secretary of the Business, Transportation and Housing Agency of the State of California, the United States Department of Transportation, and the United States Department of Housing and Urban Development. Each commissioner's term of office is four years or until a successor is appointed. All of the commissioners are scheduled to be subject to re-appointment in February 2011.

The Authority has the same governing board members as the Metropolitan Transportation Commission ("MTC"). MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the "Bay Area." As such, it is responsible for regularly updating the regional transportation plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, ferry, railroad, bicycle and pedestrian facilities. MTC administers state and federal grants for transportation projects and screens requests from local agencies for such grant funding to determine their compatibility with the regional transportation plan. State legislation adopted in 1997 has given regional transportation planning agencies such as MTC increased decision-making authority over the selection of state highway projects and the allocation of transit expansion funds for the state transportation improvement program. MTC also monitors transit operators' budgets, conducts performance audits and adopts a yearly transit improvement program to ensure that the region's numerous bus, rail and ferry systems are coordinated in terms of their routes, fares, transfer policies, schedules, passenger information and facilities.

The Authority has issued senior toll bridge revenue bonds (the "Senior Bonds") under the Master Indenture, dated as of May 1, 2001 (as amended and supplemented, the "Senior Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Senior Indenture Trustee"). At October 1, 2010, the aggregate principal amount of Senior Bonds outstanding was $5,595,125,000. In July 2010, the Authority issued subordinate toll bridge revenue bonds (the "Subordinate Bonds") under the Subordinate Indenture, dated as of June 1, 2010 (as amended and supplemented, the "Subordinate Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Subordinate Indenture Trustee"). At October 1, 2010, the aggregate principal amount of Subordinate Bonds outstanding was $1,500,000,000. The governing board of the Authority has authorized issuing up to an additional $2.5 billion aggregate principal amount of Subordinate Bonds in 2010.

The Authority's Senior Bonds, together with other obligations payable on a parity with the Senior Bonds, are referred to herein as the "Senior Obligations." The Authority's Subordinate Bonds, together with other obligations payable on a parity with the Subordinate Bonds, are referred to herein as the "Subordinate Obligations." The Senior Obligations, the Subordinate Obligations, and any obligations of the Authority that are secured by a pledge of revenue on a basis subordinate to the Subordinate Obligations are referred to herein collectively as the "Secured Obligations."

FINANCIAL STATEMENTS

Audited financial information relating to the Authority is included in MTC's financial statements. MTC does not prepare separate financial statements for the Authority. MTC's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010, including MTC's Financial Statements For Years Ended June 30, 2010 and 2009, is attached as APPENDIX A.

INDEPENDENT ACCOUNTANTS

The financial statements included in APPENDIX A to this Information Statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in MTC's Financial Statements For Years Ended June 30, 2010 and 2009 appearing in APPENDIX A.

The prospective financial information included in this Information Statement has been prepared by, and is the responsibility of, MTC's management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information. The PricewaterhouseCoopers LLP report included in APPENDIX A relates to historical financial information. It does not extend to the prospective financial information and should not be read to do so.

THE BRIDGE SYSTEM

General

The Bridge System consists of the seven bridges described below. The Golden Gate Bridge, which connects San Francisco with Marin County, is not owned or operated by the State, nor is it administered by the Authority. A map of the Bridge System appears in the prefatory pages of this Information Statement. For selected demographic statistics for the Bay Area, see Table 13 on page 122 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

San Francisco-Oakland Bay Bridge. The San Francisco-Oakland Bay Bridge opened to traffic in 1936 and connects San Francisco with Oakland and neighboring cities and suburban areas. The San Francisco-Oakland Bay Bridge provides the most direct connection between downtown San Francisco and the main transcontinental highways in the Bay Area.

The San Francisco-Oakland Bay Bridge is a double deck structure. Each deck has five traffic lanes with westbound traffic on the upper deck and eastbound traffic on the lower deck. Elevated approaches to the bridge carry through-traffic to and from Highway 101 south of San Francisco without use of local San Francisco streets. At the eastern terminus, approaches connect through-traffic with Highways 80, 580 and 880.

The San Francisco-Oakland Bay Bridge has an overall length of approximately 8.5 miles consisting of two major bridge structures and a connecting tunnel on Yerba Buena Island, which is located at the midpoint of the bridge. The west span consists of two suspension bridges with a common central anchorage and a concrete span at the San Francisco end; the length of the west span is 10,300 feet. A seismic retrofit of the west span was completed in 2004, and a seismic retrofit of the west approach to the Bridge was completed in 2009. A 520 foot long tunnel on Yerba Buena Island connects the west span to the east span.

The east span consists of a 1,800 foot long steel detour viaduct connected to a 2,418 foot long steel cantilever truss followed by five 509 foot long steel trusses and 14 additional shorter spans that bring the roadways down to the East Bay shoreline. Improvements to the east span, designed to result in a non-collapse of the east span in the event of a moderate earthquake, were completed in 2000. The State of California Department of Transportation ("Caltrans") is constructing a replacement for the east span. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects." The existing east span is constructed using a number of structural steel elements, including eyebars. One of the eyebars on the east span failed during 2009 and closures of the Bridge in both directions were needed to implement repairs to the eyebar. Other eyebars on the east span may need to be reinforced before the replacement east span is open to traffic. Caltrans and the Authority are unable to predict whether or how many (if any) repairs, retrofits or bridge closures for the eyebars will be needed. See "RISK FACTORS – Risk of Earthquake" and "—Other Force Majeure Events."

Carquinez Bridge. The Carquinez Bridge consists of two parallel spans that cross the Carquinez Strait between the Cities of Vallejo and Crockett and carry Highway 80, linking the Bay Area and Napa and Solano Counties. The spans are 28 miles north-east of San Francisco and 65 miles south-west of Sacramento. The east span is the older of the two bridges and opened in 1958. The east span is a steel through-truss superstructure 3,350 feet long with cantilever spans and carries four lanes of northbound Interstate 80 traffic. A seismic retrofit of the east span was completed in 2002. The west span is a recently constructed suspension bridge with concrete towers and steel orthotropic box girder decks that opened to traffic in 2003 and carries four lanes of southbound traffic.

Benicia-Martinez Bridge. The Benicia-Martinez Bridge consists of two parallel spans that cross the Carquinez Strait approximately six miles east of the Carquinez Bridge and carry Highway 680. The bridge provides a direct connection from the north bay and Sacramento regions to central and eastern Contra Costa and Alameda and Santa Clara Counties. The bridge corridor is a major interstate route and links Highways 80, 680 and 780. The west span, opened to traffic in 1962, is a 6,215 foot-long, steel deck-truss, with seven 528-foot spans. The west span was originally designed to carry four lanes of traffic (two in each direction) and was subsequently expanded to carry six lanes (three in each direction) in the early 1990's. A seismic retrofit of the west span, consisting of the installation of isolation bearings and strengthening the superstructure and substructure, was completed in 2003. Following the opening of the new east span in 2007 carrying five lanes of northbound traffic, the west span has been modified to carry four lanes of southbound traffic and a pedestrian/bicycle lane. The new east span features the Bay Area's first open road tolling FasTrak Express Lanes. The new east span is a segmentally-erected, cast-in-place reinforced lightweight concrete structure 8,790 feet long including approaches. See "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects."

San Mateo-Hayward Bridge. The San Mateo-Hayward Bridge is approximately 17 miles south of the San Francisco-Oakland Bay Bridge, and carries Highway 92 across the San Francisco Bay, connecting Highway 101 and the City of San Mateo on the San Francisco peninsula to Highway 880 and the east shore of the San Francisco Bay in Alameda County, approximately five miles southwest of Hayward. The current bridge was built in 1967 and seismically retrofitted in 2000. The high-level section of the current structure consists of steel orthotropic box girders with concrete overlay. It is approximately two miles long and carries six lanes of traffic. The low-rise trestle section of the bridge was widened to carry six lanes of traffic as well in 2003.

Richmond-San Rafael Bridge. The Richmond-San Rafael Bridge opened to traffic in 1956 and carries Highway 580 across the San Francisco Bay from a point about three miles west of the City of Richmond in Contra Costa County to the Marin County shore three miles southeast of the City of San Rafael. The Richmond-San Rafael Bridge is approximately 5.5 miles long and of cantilever-truss construction. Its major spans are 1,070 feet long. As originally constructed, a single three-lane deck carried two-way traffic. A lower two-lane deck was constructed later, resulting in a double deck structure carrying traffic in opposite directions. A seismic retrofit of the Richmond-San Rafael Bridge was completed in 2005.

Dumbarton Bridge. The current Dumbarton Bridge opened in 1982. It carries Highway 84 across the San Francisco Bay and is situated approximately 10 miles south of the San Mateo-Hayward Bridge. The western end of the Bridge is five miles northeast of the City of Palo Alto, and the eastern end is five miles west of the City of Newark, midway between the Cities of San Jose and Oakland. The Dumbarton Bridge is a six-lane structure that is 1.6 miles long with a pedestrian/bicycle lane. The bridge connects Highway 101 and Palo Alto to Highway 880 in Alameda County. The approach spans are composed of pre-stressed lightweight concrete girders that support a lightweight concrete deck. The center spans are twin steel trapezoidal girders that also support a lightweight concrete deck. California law was amended effective on January 1, 2010 at the request of the Authority to add the Dumbarton Bridge to the state toll bridge seismic retrofit program and require the Authority to fund the seismic retrofit of the Dumbarton Bridge. The seismic retrofit is underway. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

Antioch Bridge. Located 25 miles east of the Benicia-Martinez Bridge, the Antioch Bridge carries Highway 160 and is the only northerly highway connection across the San Joaquin River linking east Contra Costa County to the delta communities of Rio Vista and Lodi. In 1978, a 1.8 mile long high-level fixed-span structure replaced the original bridge constructed in 1926. The Antioch Bridge spans the 3,600-foot wide San Joaquin River and extends 4,000 feet onto Sherman Island in Sacramento County to the north and 1,000 feet into Contra Costa County to the south. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders for pedestrians and bicyclists. California law was amended effective on January 1, 2010 at the request of the Authority to add the Antioch Bridge to the state toll bridge seismic retrofit program and require the Authority to fund the seismic retrofit of the Antioch Bridge. The seismic retrofit is underway. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

Toll Setting Authority

California law provides the Authority with broad toll setting authority. Toll rate increases are not limited in amount or duration. No legislation or consent or approval by any other entity is required to increase tolls. The Authority is required to hold a public hearing and two public meetings at least 45 days before increasing tolls and is also required to provide at least 30 days' notice to the Legislature before increasing tolls.

California law requires the Authority to increase the toll rates specified in its adopted toll schedule in order to meet its obligations and covenants under any toll bridge revenue bond resolution or indenture of the Authority for any outstanding toll bridge revenue bonds issued by the Authority and the requirements of bond-related interest rate swap, credit and liquidity agreements. California law also authorizes the Authority to increase the toll rates specified in its adopted toll schedule to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the Bridges, to provide funding to meet the requirements of the voter-approved regional measures described under "Bridge Tolls" below and "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects" and "—Regional Measure 2 Projects," and to make the fund transfers to MTC described below under "Payments to MTC."

All bridge tolls are treated as a single revenue source for accounting and administrative purposes and for the purposes of the Authority's toll bridge revenue bond financing documents, which establish the security and payment sources for its toll bridge revenue bonds.

Bridge Tolls

Toll Collection. Tolls on each of the Bridges are collected from vehicles crossing in one direction only.

Cash toll payments are collected at toll booths staffed by employees of Caltrans. As of July 1, 2005, the Authority assumed responsibility from Caltrans for processing all toll revenue collections.

Caltrans has installed on each Bridge the Authority's FasTrak system, an automated toll collection and accounting system by which tolls may be collected electronically. In 2007, open road tolling, which eliminates toll booths for the FasTrak lanes, commenced on the Benicia-Martinez Bridge. For the fiscal year ended June 30, 2010, 52.4% of total toll-paying traffic were FasTrak users.

Toll Rates Prior to 2010. In 1988, Bay Area voters approved a ballot measure called Regional Measure 1 ("RM1") establishing a uniform toll rate of $1.00 on all Bridges for toll-paying, two-axle vehicles and higher tolls for all other toll-paying vehicles and authorizing certain Bridge improvements and transit funding. In 2004, Bay Area voters approved a ballot measure called Regional Measure 2 ("RM2") that authorized a toll increase of $1.00 for all toll-paying vehicles to fund specified projects and transit expansions.

Commencing in 1998, a $1.00 seismic surcharge was imposed by California law on toll-paying vehicles to fund part of the cost of the seismic retrofit program for the Bridge System. The Act was amended in 2005 to authorize the Authority to increase the amount of the seismic surcharge. The Authority approved a $1.00 per toll-paying vehicle increase in the seismic surcharge that took effect on January 1, 2007.

The Authority granted toll-free passage on the Bridges to commute buses and vanpool vehicles at all hours. The Authority granted toll-free passage on the Bridges to high-occupancy vehicles (car pool vehicles and motorcycles) and inherently-low-emission vehicles (such as electric cars), but only during peak hours on weekdays. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours.

Increase in Toll Rates in 2010. In January 2010, the Authority increased tolls on all of the Bridges, effective on July 1, 2010 for two-axle vehicles and effective beginning July 1, 2011 for multi-axle vehicles (which represent about 3% of total traffic). This toll increase is projected to increase bridge toll revenues by approximately $160 million annually when fully implemented.

As part of the toll increase, high-occupancy vehicles and inherently-low-emission vehicles no longer have toll-free passage on any of the Bridges during peak hours on weekdays but pay a reduced-rate toll of $2.50 on all Bridges during those hours. Peak hours are from 5 a.m. to 10 a.m. and from 3 p.m. to 7 p.m. weekdays on all Bridges. This change is projected to yield bridge toll revenues of approximately $25 million per year. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours. Commute buses and vanpool vehicles are permitted to cross the Bridges toll-free at all hours.

Tolls for the San Francisco-Oakland Bay Bridge for two-axle vehicles are $6.00 during peak hours, $4.00 during non-peak hours, and $5.00 on weekends; and the two-axle vehicle toll for the six other Bridges is $5.00.

Multi-axle vehicles will pay increased tolls beginning July 1, 2011 based on a toll of $5.00 times the number of axles in excess of two axles, with half of the increase taking effect on July 1, 2011 and the full increase taking effect on July 1, 2012.

The table below sets forth the Authority's adopted toll schedule.

BRIDGE SYSTEM TOTAL TOLL RATES

Number of Axles Per Vehicle	**Toll Rate for Fiscal Year Ending June 30,**			
	2010	**2011**	**2012**	**2013 and beyond**
2 axles	$ 4.00	$ 5.00†	$ 5.00†	$ 5.00†
3 axles	6.00	6.00	10.50	15.00
4 axles	8.25	8.25	14.00	20.00
5 axles	11.25	11.25	18.00	25.00
6 axles	12.00	12.00	21.00	30.00
7 axles or more	13.50	13.50	24.25	35.00

† During peak hours on all Bridges, a reduced-rate toll of $2.50 is collected on high-occupancy and inherently-low-emission two-axle vehicles. On the San Francisco-Oakland Bay Bridge, a weekday toll of $6.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of $4.00 is collected on all two-axle vehicles during non-peak hours.

Motor Vehicle Traffic

The following table sets forth total toll-paying motor vehicle traffic for fiscal years ended June 30, 2001 through June 30, 2010. For the time period covered by the below table, high-occupancy vehicles and inherently-low-emission vehicles were permitted toll-free passage on the Bridges during peak hours on weekdays, and as a result such traffic is excluded from the data below. See Table 9 on page 118 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC
(number of vehicles in thousands)

Fiscal Year Ended June 30,	San Francisco-Oakland Bay Bridge	Carquinez Bridge	Benicia-Martinez Bridge	San Mateo-Hayward Bridge	Richmond-San Rafael Bridge	Dumbarton Bridge	Antioch Bridge	Total[1]	Percent Change
2001	45,168	21,194	17,159	14,072	12,277	10,948	2,116	122,934	--
2002	45,118	21,678	17,733	13,726	12,468	10,779	2,325	123,826	0.7%
2003	44,996	21,824	17,795	14,343	12,514	10,224	2,354	124,048	0.2
2004	44,646	22,054	17,988	15,201	12,399	9,977	2,478	124,742	0.6
2005	43,357	21,344	17,116	14,789	11,758	9,298	2,472	120,135	(3.7)
2006	41,265	20,914	17,071	15,131	11,908	9,529	2,479	118,298	(1.5)
2007	40,134	20,722	16,975	14,881	11,913	9,516	2,517	116,659	(1.4)
2008	39,555	19,875	17,440	14,358	11,782	9,194	2,366	114,570	(1.8)
2009	40,118	19,441	17,426	13,629	11,542	8,708	2,208	113,072	(1.3)
2010	38,649	19,057	17,715	14,058	11,752	8,746	2,136	112,113	(0.8)

(1) Totals may not add due to rounding.
Source: Caltrans/The Authority.

Total toll-paying traffic on the Bridge System has declined in each fiscal year since the fiscal year ended June 30, 2004. The Authority believes that this decline in total traffic may be attributed to, among other factors, ongoing construction and resulting congestion on and temporary closures of the San Francisco-Oakland Bay Bridge, spikes in fuel costs, and a general decline in the Bay Area economy. The Authority has also seen a decrease in toll violators. Toll violators include drivers that intentionally avoid the payment of tolls. The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue (see "HISTORICAL REVENUE AND DEBT SERVICE COVERAGE"). The Authority has been working to improve the process for collecting violation revenue through a series of system and process upgrades.

In the fiscal year ended June 30, 2010, toll-free traffic consisted of approximately 11 million vehicles (representing about 9% of total traffic). Commencing July 1, 2010, high-occupancy vehicles and inherently-low-emission vehicles no longer had toll-free passage on any of the Bridges. See "Bridge Tolls" above.

Bridge System Operations and Maintenance

The Authority is responsible for paying all of the costs of operating and maintaining the Bridge System (except for maintenance expenditures on the San Francisco-Oakland Bay Bridge that are payable by the State until seismic retrofit work on that Bridge is complete). The Authority is required by the Senior Indenture and the Subordinate Indenture to maintain Bridge System tolls at rates sufficient to pay such costs. Under current law, the payment of such costs is subordinate to the payment of the Authority's Secured Obligations. The Authority's costs of operating and maintaining the Bridge System for the five fiscal years ended June 30, 2006 through June 30, 2010 were $64,208,706; $76,658,284; $66,091,439; $72,470,691; and $76,746,131, respectively.

Most of the costs of operating and maintaining the Bridge System are paid by the Authority to Caltrans. Caltrans is responsible for maintaining the Bridge System in good repair and condition. The Authority's payments to Caltrans are made pursuant to State law and a Cooperative Agreement between the Authority and Caltrans that allocates funding responsibilities for the operation and maintenance of the Bridge System between the Authority and Caltrans and addresses budget matters. The Authority pays directly certain operating and administrative expenses for the Bridge System, including the costs of the FasTrak system and related consultant contracts.

Payments to MTC

The Act provides for payments by the Authority to MTC for the transportation projects and programs described below. The payments are subordinate to the payment of the Authority's Secured Obligations.

In 2010 MTC determined that certain of the payments, namely the AB 664 Net Toll Revenue Reserve Transfers, Two Percent Transit Reserves Transfers, and Rail Extension Reserves Transfers described below (collectively, the "Fund Transfers"), are essential to the regional transportation system but that the statutory schedule for Fund Transfers may be inadequate to timely fund some of the projects planned by MTC. To address this timing issue, the Authority and MTC entered into a Funding Agreement (the "Funding Agreement"), under which the Authority paid to MTC in September 2010 an amount equal to the present value of the bridge toll revenues that the Authority projects would be used for Fund Transfers for 50 years from July 1, 2010 ($507 million) in exchange for being relieved of responsibility for making Fund Transfers for that 50-year period. The Authority's obligation to pay Regional Measure 2 Operating Transfers and Authority Administrative Costs, described below, to MTC is not affected by the Funding Agreement.

The following table sets forth the Authority's payments to MTC for the past five Fiscal Years.

TRANSFERS TO MTC
($ in millions)

Fiscal Year Ended June 30,	AB 664 Net Toll Revenue Reserves Transfer(1)	Two Percent Transit Reserves Transfer(1)	Rail Extension Reserves Transfer(1)	Regional Measure 2 Operating Transfers(2)	Authority Administrative Costs(3)	Total
2006	11.64	0.92	9.41	17.38	8.80(4)	48.15
2007	11.32	0.91	9.10	24.27	5.19	50.79
2008	11.08	0.89	8.97	26.70	6.26	53.90
2009	10.88	0.87	9.05	28.34	5.25	54.39
2010	10.72	2.60	8.71	36.53	4.89	63.45

(1) Pursuant to the Funding Agreement described above, these transfers have been pre-funded for the period from the fiscal year ending June 30, 2011 through the fiscal year ending June 30, 2060.
(2) Regional Measure 2 Operating Transfers are expected to continue to increase in future years as additional eligible operating programs are implemented, subject to a statutory cap of 38% of RM2 revenue. Total RM2 revenue equaled approximately $112 million in the fiscal year ended June 30, 2010.
(3) Authority Administrative Costs are transferred by the Authority to MTC. This amount does not include Authority Operating Expenses, which are also subordinate to the Authority's Secured Obligations and amounted to approximately $49.4 million in the fiscal year ended June 30, 2010.
(4) Includes, in addition to Authority Administrative Costs that are limited to 1% of the gross annual bridge toll revenues, direct operating costs of the Authority and MTC for initial RM2 project management set-up costs.
Source: The Authority.

The "AB 664 Net Toll Revenue Reserve Transfer" is the transfer of an amount equal to 16% of the revenue generated each year from the collection of the base toll at its level in existence for the fiscal year ended June 30, 2002 on the three Bridges which comprise the Southern Bridge Group: the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge. These funds are allocated to capital projects that further the development of public transit in the vicinity of the Southern Bridge Group, including transbay and transbay feeder transit services.

The "Two Percent Transit Reserves Transfer" is the transfer of up to 2% of the revenue collected on all of the Bridges from the base toll at its level in existence for the fiscal year ended June 30, 2002. No minimum transfer is specified. MTC must apply two-thirds of the Two Percent Transit Reserves to transportation projects that will help reduce congestion and improve bridge operations on any of the Bridges. MTC must apply the remaining one-third of the Two Percent Transit Reserves to planning, construction, operation and acquisition of rapid water transit systems.

The "Rail Extension Reserves Transfer" is the transfer of an amount equal to 21% of the revenue generated each year on the San Francisco-Oakland Bay Bridge from the collection of the base toll at its level in existence for the fiscal year ended June 30, 2002. Rail Extension Reserves are applied to rail transit capital extension and improvement projects that are designed to reduce traffic congestion on the San Francisco-Oakland Bay Bridge.

"Regional Measure 2 Operating Transfers" are transfers by the Authority to MTC to provide operating assistance for transit purposes pursuant to RM2 and Section 30914(d) of the Act. The measure provides that not more than 38% of annual bridge toll revenues derived from the RM2 Toll increase imposed in conjunction with RM2 ($1.00 in the case of all vehicles regardless of the number of axles) may be transferred to MTC as Regional Measure 2 Operating Transfers, and that all such transfers must first be authorized by MTC. Under Section 129(a)(3) of Title 23 of the United States Code, federal participation is limited on facilities that expend toll revenues for certain types of projects, including transit operations. MTC has received an opinion from the Federal Highway Administration that transit planning is an eligible expense and, as such, the Authority has made transfers to MTC for such purpose. MTC also has received an opinion from the Federal Highway Administration that it may expend toll funds on transit operations, if such funds are collected on bridge facilities that have not received federal assistance. There are four Bridges (Dumbarton, San Mateo-Hayward, Carquinez and Antioch) that have not received federal assistance. The Authority limits Regional Measure 2 Operating Transfers to revenue derived from the RM2 toll revenue from these four Bridges and expects that tolls from such four Bridges will be sufficient to make Regional Measure 2 Operating Transfers.

"Authority Administrative Costs" means the amount which the Authority is authorized to remit to MTC on an annual basis for its cost of administration pursuant to Section 30958 of the Act, which amount may not exceed 1% of the gross annual Bridge System revenues.

CAPITAL PROJECTS AND FUNDING

The Authority uses bridge toll revenues to fund four main categories of capital projects: highway and bridge enhancement projects approved by voters through RM1 (the "RM1 Projects"), transit, highway and bridge enhancement and improvement projects approved by voters through RM2 (the "RM2 Projects"), the Seismic Retrofit Program, and the Authority's bridge rehabilitation program. Each of these project categories is described below.

Regional Measure 1 Projects

RM1 authorized the Authority to pay for specified highway and bridge enhancement projects. All RM1 Projects have been completed except for one – the Highway 880/Highway 92 Interchange improvements. RM1 authorized reconstruction of that interchange to increase capacity and improve safety and traffic operations in the San Mateo-Hayward Bridge corridor at an estimated construction cost of approximately $245 million. The project is scheduled to be complete in 2011.

Regional Measure 2 Projects

RM2 authorizes the Authority to contribute up to $1.465 billion for the RM2 Projects and to provide additional funding of up to $50 million for the new span of the Benicia-Martinez Bridge. RM2 also authorized the Authority to contribute funds every year for operating costs of specified public transportation agencies as another component of the regional traffic relief plan set forth in the ballot measure (the "Regional Measure 2 Operating Transfers" described above under "THE BRIDGE SYSTEM – Payments to MTC").

The RM2 Projects consist of 36 transit, highway and bridge enhancement and improvement projects to reduce congestion or to make improvements to travel in the toll bridge corridors. MTC may allocate funds to RM2 Projects after submission and review of a project report requesting allocation by the project sponsor. The RM2 Project sponsors are public entities in the Bay Area. MTC has authority under the Act to change the funding for a project or reassign some or all of the funds for a project to another project within the same bridge corridor. Generally, RM2 funding covers only a portion of each project's total cost. The Authority is under no obligation to provide funding for any project beyond the amount expressly provided in RM2 or to increase funding for all of the RM2 projects beyond the aggregate authorization of $1.465 billion.

The Authority's expenditures for RM2 Projects (excluding the funding of up to $50 million for the new span of the Benicia-Martinez Bridge) aggregated approximately $534.0 million through June 30, 2010. See APPENDIX E – "REGIONAL MEASURE 2 PROJECTS."

Summary of RM1 and RM2 Capital Projects

The following table sets forth the program budget and expenditures for the RM1 Projects and RM2 Projects.

SUMMARY OF RM1 PROJECTS AND RM2 PROJECTS
Program Budget and Project Status as of August 31, 2010
($ in millions)

Contract	Status	Current Approved Budget (1)	Forecast Cost at Completion	Expenditures through June 30, 2010(2)
I-880/SR-92 Interchange Improvement	Construction	$ 245.0	$ 245.0	$ 166.7
New Benicia-Martinez Bridge(3)	Completed	1,272.5	1,272.5	1,207.9
Carquinez Bridge Replacement	Completed	518.2	518.2	513.0
Richmond-San Rafael Bridge Deck Resurfacing	Completed	20.0	20.0	19.6
Richmond-San Rafael Bridge Trestle, Fender and Deck Joint Rehabilitation	Completed	97.1	97.1	96.2
Richmond Parkway	Completed	5.9	5.9	4.3
San Mateo-Hayward Bridge Widening	Completed	209.8	209.8	208.7
Bayfront Expressway (SR-84) Widening	Completed	34.1	34.1	33.4
US-101/University Ave. Interchange Improvement	Completed	3.8	3.8	3.7
RM1 Capital Projects Subtotal(4)		$2,406.4	$2,406.4	$2,253.5
RM2 Capital Projects Subtotal(5)		$1,465.0(6)	$1,465.0(6)	$534.0

(1) Includes approximately $38 million for the New Benicia-Martinez Bridge from state funds, approximately $60 million for the Richmond-San Rafael Bridge Trestle Rehabilitation project from state funds, and approximately $10 million for the I-880/SR-92 Interchange Improvement project from the Alameda County Transportation Authority.

(2) As a result of delays in implementing a new Caltrans accounting system, cost data is only available through June 30, 2010.

(3) The project budget for the new Benicia-Martinez Bridge includes $50 million from RM2 allocated for modification of the existing older bridge.

(4) Subtotals may not add due to independent rounding of numbers.

(5) The RM2 Capital Projects Subtotals are approximate. They do not include $50 million allocated for the new Benicia-Martinez Bridge project under RM2. Such amount is included in the budget for New Benicia-Martinez Bridge above. See APPENDIX E—"REGIONAL MEASURE 2 PROJECTS."

(6) Under the Act, the Authority is required to fund the enumerated RM2 Projects by issuance of additional toll bridge revenue bonds or transfer of bridge toll revenues in an amount in the aggregate not to exceed $1.515 billion but is not required to fund such projects beyond the amount expressly provided in the Act. The remainder of funds required to complete the RM2 Projects are expected to come from other sources. See "Regional Measure 2 Projects" above.

Source: The Authority.

Seismic Retrofit Program Capital Projects

Following the 1989 Loma Prieta earthquake that caused a section of the east span of the San Francisco-Oakland Bay Bridge to collapse as well as other structural damage, Caltrans recommended seismic retrofitting of certain State-owned toll bridges, which was subsequently authorized in Sections 188.5 and 188.6 of the California Streets and Highways Code (the "Seismic Retrofit Program") that identified State and federal sources as well as bridge tolls for funding of the program.

The Seismic Retrofit Program includes seismic upgrade work on the original Benicia-Martinez Bridge span, the east span of the Carquinez Bridge, the San Mateo-Hayward Bridge and the Richmond-San Rafael Bridge, the west span, tunnel, and the current east span of the San Francisco-Oakland Bay Bridge, and the replacement of the east span and the west approach of the San Francisco-Oakland Bay Bridge. The Seismic Retrofit Program was expanded by legislation effective January 1, 2010 at the request of the Authority to include the Antioch Bridge and the Dumbarton Bridge. Other Seismic Retrofit Program projects are located in southern California. All Seismic Retrofit Program project construction is administered by Caltrans.

All of the Seismic Retrofit Program projects have been completed except for the replacement of the east span of the San Francisco-Oakland Bay Bridge, which is underway, and the seismic retrofit work on the Antioch Bridge and the Dumbarton Bridge, described below.

San Francisco-Oakland Bay Bridge - East Span Replacement. The new east span is designed to be 2.2 miles long on an alignment parallel to and north of the existing east span. The existing east span will be demolished after the new east span is opened to traffic. The new east span consists of a transition off Yerba Buena Island, a self-anchored suspension bridge span, a skyway and an approach/touchdown in Oakland. Upon completion as currently planned, the self-anchored suspension bridge span will be the world's longest single tower self-anchored suspension structure. It is designed to be approximately 2,051 feet long and approximately 525 feet high, matching the tower heights on the west span, with 8-foot diameter foundation piles that are 300 feet deep, three times deeper than the existing east span piles. The new east span will include two side-by-side bridge decks, each with five lanes plus shoulders, and a bicycle/pedestrian path.

The self-anchored suspension superstructure ("SAS") is a major component of the replacement of the east span. Although fabrication of the steel tower and roadway boxes has fallen behind schedule, the boxes have begun to arrive in the Bay Area and are being lifted into place. Fabrication of the last roadway sections at the east end of the new span is also behind schedule due to delays in the fabrication drawing preparation process and the fabrication process. While steps have been taken to ensure completion of the drawings, efforts are now focused on mitigating delay in the fabrication process. In September 2010, a contract change order was approved providing additional funds for direct costs of accelerating fabrication and for incentive payments upon achievement of certain accelerated completion milestones.

Absent further delays, the new east span is currently scheduled for a "seismic safety opening" to traffic in 2013. The remaining non-essential elements of the new east span construction contracts, such as architectural lighting or removal of unnecessary temporary support structures, are scheduled to be completed by 2015. Demolition of the existing east span will follow. However, as disclosed under "RISK FACTORS—Construction Delays and Cost Escalation," a number of other factors could contribute to construction delays in the future, and no assurance can be given that this schedule will be achieved.

The following table sets forth the status and forecast year of completion with respect to the east span contracts.

SEISMIC RETROFIT PROGRAM
SAN FRANCISCO-OAKLAND BAY BRIDGE
STATUS OF EAST SPAN CONTRACTS AT AUGUST 31, 2010

Contract	Status	Forecast Year of Completion
Skyway	Completed	--
Self Anchored Suspension (SAS) Span Marine Foundations	Completed	--
Stormwater Treatment Measures	Completed	--
Right-of-Way and Environmental Mitigation	Completed	--
Yerba Buena Island (YBI) Detour	Completed	--
SAS Superstructure	Under Construction	2013
Oakland Touchdown (OTD) (an aggregate of up to 4 contracts)	Completed /In Design	2015
YBI Transition Structures (an aggregate of up to 3 contracts)	Under Construction /In Design	2015

Source: Caltrans.

East Span Funding Sources. At June 30, 2010, approximately $4.256 billion (68%) of the $6.288 billion estimated cost of the new east span of the San Francisco-Oakland Bay Bridge had been expended. The remaining costs will be paid by the Authority from funds derived from various sources, including bridge tolls, investment earnings, and toll bridge revenue bond proceeds.

Caltrans has implemented a risk management plan that provides for risk identification, quantification and response strategies with respect to the costs of the new east span and with respect to construction delays. Contract costs and schedules are under continuous review and are subject to change. See “Seismic Retrofit Program Status” below. Potential delays could result in an escalation of cost estimates. In addition, other construction related risks may result in additional cost beyond those estimated by Caltrans. See “RISK FACTORS—Construction Delays and Cost Escalation.”

Oversight Committee. Legislation enacted in 2005 established the Toll Bridge Program Oversight Committee (the “Oversight Committee”), which has a project oversight and project control process for the Seismic Retrofit Program projects. The Oversight Committee consists of the Director of Caltrans, the Executive Director of the California Transportation Commission and the Executive Director of the Authority. The Oversight Committee’s project oversight and control processes include, but are not limited to, reviewing bid specifications and documents, providing field staff to review ongoing costs, reviewing and approving significant change orders and claims (as determined by the Oversight

Committee), and preparing project reports. All contract specifications and bid documents are developed by Caltrans and must be reviewed and approved by the Authority prior to their release. Caltrans is responsible for the award of all contracts.

Caltrans is required to provide regular reports to the Oversight Committee regarding construction status, actual expenditures, and forecasted costs and schedules. The monthly reports that are reviewed and approved by the Oversight Committee are provided to the Authority. The Oversight Committee is required to provide quarterly reports with respect to the Seismic Retrofit Program projects to the transportation and fiscal committees of both houses of the State Legislature and the California Transportation Commission. Copies of such monthly and quarterly reports may be found at the Authority's website.

Antioch Bridge and Dumbarton Bridge. Caltrans has determined that the Antioch Bridge and the Dumbarton Bridge both require seismic retrofit. The Oversight Committee has decided to approve the Caltrans recommendation that the Antioch Bridge be retrofitted using a "no collapse" strategy and that the Dumbarton Bridge be retrofitted using an "intermediate strategy" as described under "Seismic Design Strategies for the Bridge System" below.

The work on the Antioch Bridge consists of the installation of isolation bearings and strengthening the superstructure and substructure. The bids for the Antioch Bridge seismic retrofit were opened on March 10, 2010. The contract was awarded on April 22, 2010. The current forecast budget for the project is $101 million, including project contingency. It is anticipated that the work would be completed in 2012.

The work on the Dumbarton Bridge consists of the installation of isolation bearings and strengthening the substructure for the main span and approaches. The current forecast budget for the Dumbarton Bridge project is $149 million, including project contingency. The bids for the Dumbarton Bridge seismic retrofit were opened on June 15, 2010, and the contract was awarded on August 6, 2010. It is anticipated that the work will be completed in 2013.

Seismic Retrofit Program Status

The following table sets forth the program budget, expenditures and project status for the Seismic Retrofit Program projects.

SUMMARY OF SEISMIC RETROFIT PROGRAM CAPITAL PROJECTS
Program Budget and Project Status
($ in millions)

Contract	Status	Current Approved Budget (as of September 30, 2010)	Forecast Cost at Completion (as of June 30, 2010)	Expenditures through June 30, 2010 (as of June 30, 2010)
San Francisco-Oakland Bay Bridge–East Span Retrofit and Replacement	Under Construction	$6,184.2	$6,285.7	$4,256.0
Antioch Bridge Retrofit	Under Construction	101.0	98.0	15.8
Dumbarton Bridge Retrofit	Contract Awarded	149.0	148.7	22.2
San Francisco-Oakland Bay Bridge–West Approach Replacement	Completed	468.7	456.6	445.5
San Francisco-Oakland Bay Bridge–West Span Retrofit	Completed	307.9	302.2	302.3
Richmond-San Rafael Bridge Retrofit	Completed	816.5	816.5	794.3
Benicia-Martinez Bridge Retrofit	Completed	177.8	177.8	177.8
Carquinez Bridge Retrofit	Completed	114.1	114.2	114.2
San Mateo-Hayward Bridge Retrofit	Completed	163.5	163.4	163.4
Vincent Thomas Bridge Retrofit	Completed	58.5	58.4	58.4
San Diego-Coronado Bridge Retrofit	Completed	103.5	102.6	102.6
Misc. Program Costs		30.0	30.0	25.5
Subtotal(1)		$8,673.8	$8,754.1	$6,478.0
Programmatic Risk		---	202.8	---
Program Contingency		408.2	341.1	---
Total(1)		$9,082.0	$9,298.0	$6,478.0

(1) Subtotals and totals may not add due to independent rounding of numbers.
Source: Caltrans.

As shown in the above table, the approved budget for the Toll Bridge Seismic Retrofit Program as of September 30, 2010 included $408.2 million for program contingency. The most recent expenditure forecast indicates that the budgeted program contingency is adequate. However, as disclosed under "RISK FACTORS—Construction Delays and Cost Escalation," a number of other factors could contribute to cost increases in the future, and thus it is possible that contingent costs of the seismic retrofit program may exceed budgeted contingency amounts.

Seismic Design Strategies for the Bridge System

The criteria used to determine post-earthquake performance standards for the Bridge System were specific to each bridge and were evaluated and refined by Caltrans during planning and design. The engineering was reviewed by an independent panel of recognized experts from the private sector and academia.

Each project was designed based upon a determination of the ground motions (earthquake forces) that influence a particular bridge in the event of an earthquake. Each of these motions was defined differently for each bridge site, as the seismic hazard at each site is different (different faults, different distances, etc.).

All seven toll bridges have been designed or have been or will be retrofitted, at a minimum, to avoid a collapse if the ground motions used to design the projects were to occur at the respective sites. A decision was made in the case of each bridge as to how much should be invested beyond the "no collapse" life safety level. The design strategy selected for each bridge was based on levels of traffic use, expected useful life of the bridge, the cost of a higher earthquake performance level, and other considerations. Some bridges were designated "Lifeline Structures" for which seismic strategy incorporates designs intended to exhibit performance levels superior to those levels associated with the "no collapse" design strategy and intended to create a post-earthquake condition in which Caltrans can put the bridge back into public service relatively quickly following a seismic event. A third seismic strategy, the "intermediate strategy," was adopted for certain bridges and is intended to provide a level of performance with an expectation of damage and closure, but with a higher performance than that of the "no collapse" strategy and a lower performance than that of the Lifeline Structure.

The following table describes the design basis and seismic strategy status for each of the Bridges.

BRIDGE DESIGN BASIS AND SEISMIC STRATEGY STATUS

Bridge	Seismic Strategy
Antioch	"No Collapse" Strategy Avoid catastrophic failure
Benicia—Martinez	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
Carquinez	Intermediate Strategy Moderate to major damage expected
Dumbarton	Intermediate Strategy Moderate to major damage expected
Richmond—San Rafael	"No Collapse" Strategy Avoid catastrophic failure
San Francisco—Oakland (east span) [(1)]	Lifeline Structure is under construction Minor to moderate damage expected, reopen to traffic quickly
San Francisco—Oakland (west span)	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
San Mateo—Hayward	Intermediate Strategy Moderate to major damage expected

(1) An interim retrofit of the existing east span of the San Francisco-Oakland Bay Bridge was completed in June 2000. This interim retrofit does not result in a seismic performance level at the Lifeline Structure strategy but is designed to result in a non-collapse of the east span in the event of a moderate earthquake.

Source: Caltrans.

Caltrans' bridge design standards are subject to ongoing review and modification as knowledge about earthquakes increases. Each of the Bridges is reevaluated as standards are improved. It is possible, however, that the design strategies employed at any given time will not perform to expectations. See "RISK FACTORS—Risk of Earthquake."

Bridge Rehabilitation Program

In addition to the RM1 Projects, RM2 Projects and Seismic Retrofit Program projects, the Authority funds other capital rehabilitation and operational improvement projects on the Bridge System designed to maintain and ensure the long-term safe operation of the Bridge System and associated toll facilities. The Authority currently anticipates funding such rehabilitation and operational improvement projects in the amount of approximately $60 million per fiscal year through the fiscal year ending June 30, 2014.

LIQUIDITY AND CASH RESERVES

Cash Reserves

The Authority's budget for the fiscal year ending June 30, 2011 includes the establishment of a $1 billion cash reserve, an increase from the reserve of $600 million budgeted for the fiscal year ended June 30, 2010. As of June 30, 2010, the Authority held cash and investments in excess of $1 billion, including the Operations and Maintenance Fund described below. The purpose of the $1 billion cash reserve is to provide liquidity for debt service, variable costs associated with variable rate demand bonds, rehabilitation and operational improvements on the Bridges, and operating and other expenses in the event of an emergency that affects Bridge Toll Revenues. For a discussion of the Authority's cash, cash equivalents and investments as of June 30, 2010, see Note 3 on pages 48-52 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

Operations and Maintenance Fund

The Senior Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund equals two times the budgeted expenditures for the Fiscal Year for Caltrans' operation and maintenance of toll facilities on the Bridges, including, but not limited to, toll collection costs, including wages and salaries. The principal amount held in the Operations and Maintenance Fund is to be used and withdrawn by the Authority solely to pay such expenses and is not pledged to the payment of the Authority's Secured Obligations. Interest and other income from the investment of money in the Operations and Maintenance Fund is pledged to the payment of the Authority's Secured Obligations. The Authority certified to the Senior Indenture Trustee as of July 1, 2010 that the balance in the Operations and Maintenance Fund as of that date was approximately $150 million. See "THE BRIDGE SYSTEM–-Bridge System Operations and Maintenance."

The Senior Indenture also provides that in the event that Bridge Toll Revenues on deposit in the Bay Area Toll Account are not sufficient at the beginning of any Fiscal Year to enable the Authority to make the transfer described above at the beginning of such Fiscal Year, the Authority shall not be required to make such transfer for such Fiscal Year and failure of the Authority to make such transfer shall not constitute an event of default under the Senior Indenture for as long as the Authority shall punctually pay the principal of and interest on the Senior Bonds as they become due and observe and comply with the toll rate covenants in the Senior Indenture. The Subordinate Indenture does not require the Operations and Maintenance Fund to be funded. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Certain Provisions of the Senior Indenture—Toll Rate

Covenants" and APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Covenants of the Authority."

Investment Portfolio

Funds of the Authority are invested with other funds of MTC pursuant to an investment policy adopted by MTC, which permits the Authority to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies (California Government Code Section 53600 et seq.) The securities in which the Authority currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by agencies of the United States, bankers acceptances, corporate commercial paper of prime quality, negotiable certificates of deposit, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), the State's local agency investment fund, the Alameda County local agency investment fund, collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, financial futures, option contracts, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by a trustee under the Authority's toll bridge revenue bond indentures are to be invested by the trustee in specified types of investments in accordance with instructions from the Authority. The instructions from the Authority currently restrict those investments to investments permitted by the investment policy adopted by MTC described above (except that the trustee is permitted to invest a greater percentage of funds in mutual funds and a single mutual fund than the investment policy would otherwise permit).

The Authority's primary investment strategy is to purchase investments with the intent to hold them to maturity. However, the Authority may sell an investment prior to maturity to avoid losses to the Authority resulting from further erosion of the market value of such investment or to meet operation or project liquidity needs.

As explained in Notes 1.S and 5, starting on pages 47 and 57, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010," the Authority's investment income for the fiscal years ended June 30, 2009 and June 30, 2010 was comprised of interest income from investments and changes in the fair market value of certain interest rate swaps that were hedges for variable rate demand bonds that were refunded and that no longer had an underlying bond to hedge. This resulted in a non-cash derivative investment charge of $38,719,155 in the fiscal year ended June 30, 2009 and of $23,551,920 in the fiscal year ended June 30, 2010. The Authority's Senior Indenture and Subordinate Indenture do not require the Authority to take that non-cash charge into account in calculating Revenue or for purposes of the additional bonds tests and the rate covenants described under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS."

For more information regarding the investment policy and portfolio of MTC and the Authority, including a discussion of certain deposit and investment risk factors, see Note 1.H and Note 3.A, starting at page 43 and page 48, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010." The most current supplement hereto is expected to contain updated information concerning the investments in the investment portfolio of MTC and the Authority.

HISTORICAL REVENUE AND DEBT SERVICE COVERAGE

The following table sets forth Bridge System historical revenue and debt service coverage for the five fiscal years ended June 30, 2010. Information in the table is intended to provide potential investors with information about revenues and gross debt service coverage. The presentation is not prepared in accordance with generally accepted accounting principles and could differ from comparable presentations by other similar organizations. This table does not calculate coverage ratio covenants or additional bonds tests that are discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" and in APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE." This table does not include information about the Authority's Subordinate Indenture or Subordinate Bonds, which were issued after June 30, 2010.

BRIDGE SYSTEM
Historical Revenue and Debt Service Coverage
($ in thousands)

Fiscal Year Ended June 30,	**2006**	**2007**	**2008**	**2009**	**2010**
Revenue					
Bridge Toll Revenues	$280,277[(1)]	$422,355	$477,377	$470,136	$466,086
Interest Earnings	44,060	96,415	116,134	38,740[(3)]	8,768[(4)]
Other Revenues[(2)]	9,657	5,989	14,309	18,088	19,275
Senior Bond Subsidy Payments	--	--	--	--	18,681[(5)]
Total Revenue Under Senior Indenture	$333,994	$524,759	$607,820	$526,964	$512,719
Debt Service on Senior Bonds and Parity Obligations	$68,931	$161,144	$234,479	$238,607	$260,166
Gross Senior Debt Service Coverage	4.85x	3.26x	2.59x	2.21x	1.97x

(1) Does not include seismic surcharge revenue until May 2006, following the defeasance of certain obligations to which the seismic surcharge was pledged.

(2) Consists of, among other things, violation revenues. Includes $1.1 million of transfers from MTC for the fiscal year ended June 30, 2010 relating to a Transit Cooperative Research Program grant.

(3) Does not reflect non-cash derivative investment charge of $38,719,155 that does not reduce Revenue for purposes of the Senior Indenture. See "LIQUIDITY AND CASH RESERVES—Investment Portfolio."

(4) Does not reflect non-cash derivative investment charge of $23,551,920 that does not reduce Revenue for purposes of the Senior Indenture. See "LIQUIDITY AND CASH RESERVES—Investment Portfolio" and Notes 1.S and 5, starting on pages 47 and 57, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

(5) Consists of a 35% federal interest subsidy for the 2009 Series F-2 Bonds issued under the Build America Bond program.

Source: The Authority.

SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS

As of October 1, 2010, the Authority had Senior Bonds outstanding in the aggregate principal amount of $5,595,125,000, comprised of $1,457,760,000 aggregate principal amount of variable rate demand bonds and $4,137,365,000 aggregate principal amount of fixed rate bonds and fixed rate Subordinate Bonds outstanding in the aggregate principal amount of $1,500,000,000. Additional toll bridge revenue bonds may be issued in the future as either Senior Obligations or Subordinate Obligations (subject to the requirements of and limitations in the Senior Indenture or the Subordinate Indenture, described below).

Senior Bonds and obligations of the Authority that are payable on a parity with the Senior Bonds are "Senior Obligations." Senior Obligations consist of the Senior Bonds and amounts due as regularly scheduled payments under the Authority's Qualified Swap Agreements described under "OTHER AUTHORITY OBLIGATIONS—Qualified Swap Agreements." Senior Obligations also include any amounts due as reimbursement obligations pursuant to the reimbursement agreement relating to the issuance of letters of credit securing variable rate demand bonds that are Senior Bonds and for Reserve Facility Costs, which are amounts to repay draws under surety bonds or insurance policies held in the reserve fund for Senior Bonds.

Subordinate Bonds and obligations of the Authority that are payable on a parity with the Subordinate Bonds are "Subordinate Obligations." In addition, if the Authority were to become obligated to make termination payments under the Authority's Qualified Swap Agreements described below, those obligations would be Subordinate Obligations.

See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" for further information about the security for the Senior Bonds and the Subordinate Bonds.

Statutory Lien on Bridge Toll Revenues

The Act imposes a statutory lien upon all Bridge Toll Revenues in favor of the holders of the Authority's toll bridge revenue bonds and in favor of any provider of credit enhancement for those bonds. Bridge Toll Revenues include all tolls and all other income, including penalties for violations, allocated to the Authority pursuant to the Act derived from the Bridge System and not limited or restricted to a specific purpose. The statutory lien is subject to expenditures for operation and maintenance of the Bridges, including toll collection, unless those expenditures are otherwise provided for by statute. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance" and "LIQUIDITY AND CASH RESERVES—Operations and Maintenance Fund," APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Pledge by the State

Pursuant to Section 30963 of the Act, the State has pledged and agreed with the holders of toll bridge revenue bonds and those parties who may enter into contracts with the Authority pursuant to the Act, that the State will not limit, alter, or restrict the rights vested by the Act in the Authority to finance the toll bridge improvements authorized by the Act. The State has further agreed not to impair the terms of any agreements made with the holders of the toll bridge revenue bonds and with parties who may enter into contracts with the Authority pursuant to the Act and has pledged and agreed not to impair the rights or remedies of the holders of any toll bridge revenue bonds or any such parties until the toll bridge revenue bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Certain Provisions of the Senior Indenture

The Senior Indenture provides that Senior Obligations are payable from and secured by "Revenue," which consists of tolls paid by vehicles using the seven Bridges in the Bridge System (including income from penalties for toll violations), interest earnings on the Bay Area Toll Account and all other funds held by the Authority, interest earnings on fund balances held under the Senior Indenture, payments received under interest rate swap agreements, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds. Senior Obligations are also secured by and payable from all amounts (including the proceeds of Senior Bonds) held by the Senior Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Senior Bonds). The pledge securing Senior Obligations is irrevocable until all Senior Obligations are no longer outstanding.

Authority for Issuance of Senior Bonds. The Senior Indenture permits Senior Bonds to be issued pursuant to the Act for the purpose of toll bridge program capital improvements and for the purpose of refunding Senior Bonds and other Senior Obligations.

Transfers of Revenue. Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Senior Indenture requires the Authority to transfer to the Senior Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Senior Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Senior Indenture Trustee is required by the Senior Indenture to be deposited in trust in the Bond Fund under the Senior Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Senior Indenture.

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

Toll Rate Covenants. The Authority covenants in the Senior Indenture that it will at all times establish and maintain tolls on the Bridge System at rates sufficient to pay debt service on all Senior Obligations, to pay certain toll operations expenditures (defined in the Senior Indenture as "Category B" maintenance expenditures) and to otherwise comply with the Act.

The Authority also has covenanted in the Senior Indenture to compute coverage ratios specified in the Senior Indenture on an annual basis within ten Business Days after the beginning of each Fiscal Year and to increase tolls if any of the ratios is less than the required level. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Toll Rate Covenants"

The Authority's calculations as of June 30, 2009 and as of June 30, 2010 both show that the resulting ratios did not require the Authority to increase tolls. See Schedule 12 at page 97 in the Other Supplementary Information of APPENDIX A—"METROPOLITAN TRANSPORTATION

COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

Additional Bonds Test. Additional Senior Obligations may be issued under the Senior Indenture only if at least one of the following is true immediately following the issuance of such additional Senior Obligations:

(a) the additional Senior Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Senior Obligations and the Costs of Issuance of such refunding Senior Obligations; (3) interest on all Senior Obligations to be refunded to the date such Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Senior Obligations from the date thereof to the date of payment or redemption of the Senior Obligations to be refunded; or

(b) the governing board of the Authority determines that one of the following is true: (1) the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of, and including such additional Senior Obligations, will not be less than 1.50:1; or (2) the ratio of (A) Net Revenue projected by the Authority for each of the next three Fiscal Years, including in such projections amounts projected to be received from any adopted toll increase or planned openings of an additional Bridge, to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of and including such additional Senior Obligations, will not be less than 1.50:1.

The Senior Indenture includes definitions of Net Revenue and Maximum Annual Debt Service and other requirements for the issuance of additional Senior Obligations. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Additional Senior Bonds; Subordinate Obligations."

Reserve Fund. The Reserve Fund established pursuant to the Senior Indenture is solely for the purpose of paying principal of and interest on the Senior Bonds when due when insufficient moneys for such payment are on deposit in the Principal Account and the Interest Account under the Senior Indenture. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund."

The balance in the Reserve Fund is required by the Senior Indenture to equal or exceed the "Reserve Requirement" (defined in the Senior Indenture as an amount equal to the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds). At June 30, 2010, the Reserve Requirement was approximately $345,275,000, and cash and investments aggregating at least that amount were held in the Reserve Fund. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—DEFINITIONS."

The Senior Indenture Trustee is to draw on the Reserve Fund to the extent necessary to fund any shortfall in the Interest Account or the Principal Account. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Senior Indenture Trustee equal to one-twelfth (1/12th) of the initial aggregate amount of the deficiency in the Reserve Fund. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund" and "—Funding of the Reserve Fund."

Build America Bonds Federal Interest Subsidy Payments. The Authority has issued Senior Bonds and may issue additional Senior Bonds as taxable Build America Bonds under, and as defined in, the federal American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. Such payments to the Authority on account of Senior Bonds constitute Revenue under the Senior Indenture. See "RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments." The Authority desires to treat such subsidy payments as an offset against interest paid on the Build America Bonds for purposes of the additional bonds test and the rate covenants in the Senior Indenture. To clarify this result under the Indenture, the Authority proposes to amend the definition of "Annual Debt Service" in the Senior Indenture by adding the following at the end of such definition:

> "(xii) if any of the Bonds are, or upon issuance will be, Bonds for which the Authority is entitled to receive interest rate subsidy payments from the federal government (including, without limitation, subsidy payments on account of the issuance of Build America Bonds pursuant to the federal American Recovery and Reinvestment Act of 2009), as evidenced by an opinion of Bond Counsel delivered at the time of issuance of such Bonds, the Bonds shall be treated as bearing an interest rate equal to the rate of interest borne by the Bonds for the period of determination minus the federal interest rate subsidy payments to which the Authority is entitled for that period if the Authority irrevocably directs that those federal interest rate subsidy payments be made directly to the Trustee for the payment of interest on Bonds pursuant to this Indenture."

The proposed amendment would have the effect of permitting the Authority to treat such subsidy payments as an offset against interest paid on the Senior Bonds for purposes of the rate covenants and additional bonds tests described above under "Toll Rate Covenants" and "Additional Bonds Test." Upon the effective date of such amendment, Subsidy Payments would be excluded from Net Revenue for purposes of such covenants and tests.

The proposed amendment will be effective upon receipt by the Authority of consents to the amendment from holders of a majority of the aggregate principal amount of the outstanding Senior Bonds as required by the Indenture, all of which consents have been received or are expected to be received upon the mandatory tender and remarketing of certain of the Authority's Senior Bonds on November 1, 2010. Consents also have been received from the Authority's liquidity support providers and interest rate swap counterparties. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE." The Authority has covenanted to file a continuing disclosure notice upon the effective date of the proposed amendment, which is expected to be November 1, 2010.

Special Obligations. The Senior Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Senior Indenture, and the Authority is not obligated to pay them except from Revenue. The Senior Bonds do not constitute a debt or liability of the State, the Metropolitan Transportation Commission or any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

Certain Provisions of the Subordinate Indenture

The Subordinate Indenture provides that Subordinate Obligations are payable from and secured by a subordinate pledge of the Revenue and other amounts pledged to the Senior Obligations as described above under "Certain Provisions of the Senior Indenture" (other than amounts held in the reserve fund for Senior Bonds, other proceeds of Senior Bonds, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds). In addition, Subordinate Obligations are payable from and secured by interest earnings on fund balances held under the Subordinate Indenture, interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds, and all amounts (including the proceeds of Subordinate Bonds) held by the Subordinate Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Subordinate Bonds). The pledge securing Subordinate Obligations is irrevocable until all Subordinate Obligations are no longer outstanding.

Authority for Issuance of Subordinate Bonds. The Subordinate Indenture permits Subordinate Bonds to be issued pursuant to the Act to finance the construction, improvement and equipping of the Bridge System and for any of the other purposes authorized by the Act, including refunding Senior Obligations, Subordinate Bonds and other Subordinate Obligations.

Transfers of Revenue. Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Subordinate Indenture requires the Authority to transfer to the Subordinate Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Subordinate Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Subordinate Indenture Trustee is required by the Subordinate Indenture to be deposited in trust in the Bond Fund under the Subordinate Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Subordinate Indenture.

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

Toll Rate Covenant. The Authority covenants in the Subordinate Indenture that it will at all times establish and maintain tolls on the Bridge System at rates projected by it to generate sufficient Revenue (as defined in the Subordinate Indenture) to pay, as and when due, amounts due on all Senior Bonds and other Senior Obligations, Subordinate Bonds and other Subordinate Obligations, Maintenance and Operation Expenses, and other obligations of the Authority, and to otherwise comply with the Act.

The Authority also has covenanted in the Subordinate Indenture to compute the debt service coverage ratio specified in the Subordinate Indenture on an annual basis within ten Business Days after the beginning of each Fiscal Year and to take such action as promptly as practicable thereafter (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected debt service coverage ratio for that Fiscal Year to equal or exceed 1.20:1. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE

SUBORDINATE INDENTURE—THE SUBORDINATE INDENTURE—Covenants of the Authority—Revenue Covenants."

Additional Bonds Test. Subsequent to the initial issuance of Subordinate Bonds pursuant to the Subordinate Indenture, additional Subordinate Bonds (or additional Obligations payable on a parity with Subordinate Bonds) may be issued under the Subordinate Indenture only if the requirements of (a) or (b) below are met:

(a) the Subordinate Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Subordinate Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Subordinate Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Subordinate Obligations or Senior Obligations; (3) interest on all Subordinate Obligations or Senior Obligations to be refunded to the date such Subordinate Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Obligations from the date thereof to the date of payment or redemption of the Subordinate Obligations or Senior Obligations to be refunded; or

(b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service (defined in the Subordinate Indenture to include debt service on all Senior Obligations and Subordinate Obligations), calculated as of the date of sale of, and including such Subordinate Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of three consecutive Fiscal Years (beginning with the current Fiscal Year or the Fiscal Year after the current Fiscal Year) to (B) Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the third such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority will take into account amounts projected to be received from any adopted toll increase or increases and any additional Bay Area Bridge or Bridges

The Subordinate Indenture includes definitions of Available Revenue, Debt Service, and Maximum Annual Debt Service and other requirements for the issuance of additional Subordinate Obligations. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—Additional Subordinate Bonds."

Pursuant to the Subordinate Indenture, at such time as the Authority determines to issue additional Subordinate Bonds, the Authority shall, in addition to fulfilling the requirements of the Subordinate Indenture described above, file with the Subordinate Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Subordinate Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements described above have been satisfied; (c) such amount, in cash or in the form of a Reserve Facility, as shall equal the Reserve Requirement, if any, for such Series of Subordinate Bonds for deposit in the Reserve Fund established pursuant to the Subordinate Indenture; and (d) an Opinion of Bond Counsel to the effect that the Supplemental Subordinate Indenture creating such Series of Subordinate Bonds has been duly executed and delivered by the Authority in accordance with the Subordinate Indenture and that such Series of Subordinate Bonds, when duly executed by the Authority and authenticated and delivered by the Subordinate Trustee, will be valid and binding obligations of the Authority.

Reserve Fund. Subordinate Bonds may be issued with or without a Reserve Requirement. The Authority will decide at the time of issuance of a series of Subordinate Bonds whether to establish a Reserve Requirement for that series and the amount of the Reserve Requirement. On the date of issuance of any series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement will be deposited in the Reserve Account established under the Subordinate Indenture for those bonds. Alternatively, the Authority may decide to establish a pooled Reserve Requirement for that series of Subordinate Bonds and any one or more subsequently issued series of Subordinate Bonds with the same pooled Reserve Requirement, in which case an amount necessary to bring the amount on deposit in the pooled Reserve Account to such pooled Reserve Requirement will be deposited in the pooled Reserve Account established under the Subordinate Indenture. A Reserve Account was established and funded in the amount of $67,938,000 (the maximum annual amount of interest payable on the 2010 Series S-1 Subordinate Bonds as of their date of issue) in connection with the issuance of 2010 Series S-1 Subordinate Bonds in July 2010, and it secures only that series of Subordinate Bonds.

Money in an account in the Reserve Fund shall be used and withdrawn by the Subordinate Indenture Trustee solely for the purpose of paying principal of and interest on the Subordinate Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit with the Subordinate Indenture Trustee. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Subordinate Indenture Trustee equal to one-twelfth (1/12th) of the aggregate amount of the deficiency in the Reserve Fund. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund" and "—Funding of the Reserve Fund."

Build America Bonds Federal Interest Subsidy Payments. Under the Subordinate Indenture, federal interest rate subsidy payments received on account of Senior Bonds or Subordinate Bonds may be treated as an offset against interest paid on those bonds for purposes of the additional bonds test and the rate covenants in the Subordinate Indenture described above under "Toll Rate Covenants" and "Additional Bonds Test." Subsidy payments to the Authority on account of Subordinate Bonds are required to be made directly to the Subordinate Indenture Trustee for the payment of debt service on Subordinate Bonds and are part of the Revenue pledged to the payment of Subordinate Obligations under the Subordinate Indenture. See "RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Special Obligations. The Subordinate Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Subordinate Indenture, and the Authority is not obligated to pay them except from Revenue. The Subordinate Bonds do not constitute a debt or liability of the State, the Metropolitan Transportation Commission or any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

OTHER AUTHORITY OBLIGATIONS

New Credit Facilities

On September 28, 2010, the Authority entered into a Reimbursement Agreement with eight banks under which the banks have agreed (subject to conditions specified in the agreements) to provide, on November 1, 2010, irrevocable, direct-pay letters of credit (the "Letters of Credit"). The Letters of Credit will be available to be drawn on for funds to pay principal of and interest on the Authority's Senior Bonds that are variable rate demand bonds. The Letters of Credit will also be available to be drawn on for funds to purchase the Authority's Senior Bonds that are variable rate demand bonds and that are tendered for purchase and are not successfully remarketed. Senior Bonds so purchased with proceeds of draws under the Letters of Credit ("Credit Provider Bonds") will continue to be Senior Bonds under the Senior Indenture payable on a parity basis with other Senior Bonds, but they will bear interest at the applicable rate of interest set forth in the Reimbursement Agreement. Reimbursement obligations created by unreimbursed principal and interest draws under the Letter of Credit will be Senior Parity Obligations, payable on a parity basis with Senior Bonds. Under the Reimbursement Agreement, fees and other payments due to the banks providing the Letters of Credit are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Senior Indenture Trustee. The Authority's obligation to pay interest on reimbursement obligations and on Credit Provider Bonds evidencing the Authority's obligation to pay amounts advanced under the Letters of Credit can be as high as 15% per annum.

The Authority's obligation to reimburse the banks on account of the purchase of the Authority's Senior Bonds that are tendered for purchase and not successfully remarketed may, under specified circumstances, be paid over a period of five years, but that amortization period may be accelerated by the banks in the event of the occurrence of an event of default under the Reimbursement Agreement. Events of default under the Reimbursement Agreement include, among other events, the failure of the Authority to pay debt service on its Senior Bonds or Subordinated Bonds as and when due and the default by the Authority in the observance or performance of covenants or agreements in the Reimbursement Agreement or related documents.

JPMorgan Chase Bank, National Association is the agent for all of the banks under the Reimbursement Agreement. The banks expected to provide letters of credit effective November 1, 2010 pursuant to the Reimbursement Agreement are Bank of America, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, Barclays Bank PLC, acting through its New York Branch, JPMorgan Chase Bank, National Association, Lloyds TSB Bank Plc, acting through its New York Branch, Morgan Stanley Bank, N.A., Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and Union Bank, N.A.

Standby Bond Purchase Agreements

Until the new credit facilities described above are effective, the Authority will continue to have three Standby Bond Purchase Agreements with various banks under which banks have agreed (subject to conditions specified in the agreements) to purchase the Authority's Senior Bonds that are variable rate demand bonds and that are tendered for purchase and are not successfully remarketed. Senior Bonds so held by the banks will continue to be Senior Bonds under the Senior Indenture payable on a parity basis with other Senior Bonds. Under the current Standby Bond Purchase Agreements, fees and other payments due to the Banks are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Senior Indenture Trustee. The Authority's obligation to pay interest on Credit Provider Bonds evidencing the Authority's obligation to pay amounts advanced under the Standby Bond Purchase Agreements can be as high as 15% per annum. In addition, the amortization period applicable to Credit Provider Bonds may be accelerated under certain circumstances. The Standby Bond Purchase Agreements are not a source of funds for the payment of the principal of or interest on the Senior Bonds.

JPMorgan Chase Bank, National Association is the agent for all of the liquidity providers under the Standby Bond Purchase Agreements.

The first Standby Bond Purchase Agreement is dated as of June 1, 2008 and provides liquidity support until June 3, 2011 for the Authority's Variable Rate Demand Bonds, 2008 Series B-1, 2008 Series

C-1, 2008 Series D-1, 2008 Series E-1 and 2008 Series G-1. The liquidity providers are Bank of America, N.A. and BNP Paribas, acting through its San Francisco branch.

The second Standby Bond Purchase Agreement is dated as of August 1, 2008 and provides liquidity support until August 26, 2011 for the Authority's Variable Rate Demand Bonds, 2001 Series A, 2006 Series C-1, 2006 Series C-2, 2006 Series C-3, 2006 Series C-4 and 2007 Series E-3. The Liquidity Providers are Bank of America, N.A., Bayerische Landesbank, acting through its New York Branch, California Public Employees' Retirement System and Lloyds TSB Bank plc, acting through its New York Branch.

The third Standby Bond Purchase Agreement is dated as of August 20, 2009 and provides liquidity support until June 3, 2011 for the Authority's Variable Rate Demand Bonds, 2007 Series A-1, 2007 Series C-1, 2007 Series G-1, 2007 Series A-2, 2007 Series B-2, 2007 Series C-2, 2007 Series D-2 and 2008 Series A-1. The Liquidity Providers are Bank of America, N.A., JPMorgan Chase Bank, National Association and Union Bank, N.A.

Qualified Swap Agreements

The Authority has entered into Qualified Swap Agreements that as of June 30, 2010 had an aggregate notional amount of $2,265,700,000, of which $1,710,000,000 are agreements pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index and of which $555,700,000 are agreements pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate. The governing board of the Authority has authorized the amendment, restructuring, and termination of existing Qualified Swap Agreements under which the Authority pays a fixed rate and receives a variable rate, and the governing board has authorized the Authority to enter into additional Qualified Swap Agreements pursuant to which the Authority will pay a variable rate and receive a fixed rate.

For a discussion of the Authority's outstanding interest rate swap agreements as of June 30, 2010, see "Note 5—Derivative Instruments" and "—Objective and Terms of Hedging Derivative Instruments" on pages 62-68 and Schedules 15 through 19 on pages 103-107, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

Each Qualified Swap Agreement may terminate prior to its scheduled termination date and prior to the maturity of the Senior Bonds to which it relates.

Each Qualified Swap Agreement pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate may be terminated in whole or in part at the option of the counterparty on April 1, 2011. No payment would be due from the Authority or the counterparty if the option is exercised.

There are no automatic termination events under any of the Authority's Qualified Swap Agreements.

Each of the Authority's Qualified Swap Agreements may be terminated at the option of the Authority or its counterparty upon the occurrence of certain events. Termination events include, among other events, the election of the Authority to terminate (in its sole discretion) at any time and the election of the counterparty to terminate if the Authority's unenhanced credit rating is withdrawn, suspended or reduced below "BBB-" by Standard & Poor's (or below BBB+ in certain cases) or is withdrawn, suspended , or reduced below "Baa3" by Moody's (or below Baa1 in certain cases) and that withdrawal, suspension or reduction continues for five business days. In the event a Qualified Swap Agreement is so terminated, a termination payment will be payable by either the Authority or the counterparty depending on market conditions and the specific provisions of the Qualified Swap Agreement. Any such termination payment payable by the Authority could be substantial. Termination payments payable pursuant to

Qualified Swap Agreements are payable on a parity with the Subordinate Bonds and constitute "Parity Obligations" under the Subordinate Indenture.

The Authority is not required to post collateral under its Qualified Swap Agreements. One swap counterparty is required to post collateral to secure its exposure to the Authority at all times. Each other swap counterparty is required to post collateral to secure its exposure to the Authority if its ratings fall below "A3" from Moody's or below "A-" from Standard & Poor's, but if its ratings are at or above "A3" from Moody's and at or above "A-" from Standard & Poor's, the counterparty is only required to post collateral to secure its exposure to the Authority if its exposure to the Authority exceeds $10 million.

In July 2009, the Authority terminated $1,073,605,000 notional amount of interest rate swap agreements with Ambac Financial Services, LLC ("AFS"), a subsidiary of Ambac Assurance Corporation ("Ambac") on account of downgrades to the credit ratings of Ambac. The interest rate swap agreements (under which the Authority paid a fixed rate to AFS and received a variable rate) were entered into to turn variable rate bonds of the Authority into synthetic fixed rate debt. The termination of the interest rate swap agreements, coupled with the issuance of the Series 2009F-1 Bonds on August 20, 2009 and redemption of $776,405,000 of outstanding variable rate bonds, replaced a portion of the Authority's synthetic fixed rate debt with actual fixed rate debt. The Authority made termination payments to AFS totaling approximately $105,000,000 in July 2009. AFS subsequently filed suit against the Authority in federal court in New York seeking damages in excess of $50,000,000 alleging that the Authority paid AFS less than the amount due AFS as termination payments. The Authority believes that it paid AFS the full amount due AFS in accordance with the interest rate swap agreements. The litigation will not have a material impact on the Authority's financial position.

Further Subordinated Obligations

The Authority may issue or incur obligations that would be payable out of Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Subordinate Obligations. Other than fees and other payments due to the Credit Providers, the Authority had no such obligations outstanding as of the date of this Information Statement. Such obligations could consist of toll bridge revenue bonds or payment obligations under liquidity or credit agreements or interest rate swap agreements.

RISK FACTORS

The primary source of payment for the Authority's toll bridge revenue bonds is the Authority's bridge toll revenues. The level of bridge toll revenues collected at any time is dependent upon the level of traffic on the Bridge System, which, in turn, is related to several factors, including without limitation, the factors indicated below.

Risk of Faulty Forecast

The levels of traffic assumed and toll revenue projected are based solely upon estimates and assumptions made by the Authority. Actual levels of traffic and toll revenue will differ, and may differ materially, from the levels projected. Actual interest earnings, debt service interest rates, swap revenues and operations and maintenance expenses could also differ from the forecast.

Risk of Earthquake

The Bay Area's historical level of seismic activity and the proximity of the Bridge System to a number of significant known earthquake faults (including most notably the San Andreas Fault and the Hayward Fault) increases the likelihood that an earthquake originating in the region could destroy or render unusable for a period of time one or more of the Bridges, their highway approaches or connected traffic corridors, thereby interrupting the collection of bridge toll revenues for an undetermined period of time.

An earthquake originating outside the immediate Bay Area could have an impact on Bridge System operations and bridge toll revenues. On October 17, 1989, the Bay Area experienced the effects of the Loma Prieta earthquake that registered 7.1 on the Richter Scale. The epicenter of the earthquake was located in Loma Prieta about 60 miles south of the City of San Francisco in the Santa Cruz Mountains. The Loma Prieta earthquake caused damage to the east span of the San Francisco-Oakland Bay Bridge and adjacent highways.

Research conducted since the 1989 Loma Prieta earthquake by the United States Geological Survey concludes that there is a 70% probability of at least one magnitude 6.7 or greater earthquake, capable of causing wide-spread damage, striking the Bay Area before 2030. Major earthquakes may occur at any time in any part of the Bay Area. An earthquake of such magnitude with an epicenter in sufficiently close proximity to the San Francisco-Oakland Bay Bridge occurring prior to completion of the Seismic Retrofit Program would likely result in substantial damage.

The Seismic Retrofit Program is specifically intended to mitigate the risk of major damage to the Bridges due to seismic activity by enhancing the structural integrity of the Bridges to accommodate ground motions along the various identified faults with return periods of between 1,000 and 2,000 years. However, Caltrans currently estimates that the Seismic Retrofit Program will not be fully completed until 2015. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects." Furthermore, the completion of the Seismic Retrofit Program will not ensure that one or more of the Bridges or their highway approach routes would not be damaged, destroyed or rendered unusable for a period of time in the event of a single earthquake or a combination of earthquakes.

When large seismic events have occurred in the past, Caltrans has demonstrated an ability to quickly repair bridge structures and reestablish traffic flows. As a consequence of the 1989 Loma Prieta earthquake, the San Francisco-Oakland Bay Bridge suffered collapse of a section of the bridge's east span upper deck. Within 30 days, two replacement deck sections were designed, ordered, fabricated, delivered and installed as part of a $8.6 million construction project. With the completion of the Seismic Retrofit Program, the need for repairs of this magnitude is expected to be greatly reduced, especially on the San Francisco-Oakland Bay Bridge and the Benicia-Martinez Bridge, both of which will be strengthened to the higher Lifeline Structure criteria. See "CAPITAL PROJECTS AND FUNDING— Seismic Design Strategies for the Bridge System." However, the actual damage caused by a future seismic event could vary substantially from expectations or past experience.

Other Force Majeure Events

Operation of the Bridge System and collection of bridge tolls is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. The Authority cannot predict the potential impact of such events on the financial condition of the Authority or on the Authority's ability to pay the principal of and interest on the Authority's toll bridge revenue bonds as and when due.

Threats and Acts of Terrorism

Caltrans and law enforcement authorities have undertaken security measures in an effort to reduce the probability that the Bridges could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the Bridges. The Authority cannot predict the likelihood of a terrorist attack on any of the Bridges or the extent of damage or vehicle traffic disruption that might result from an attack. The Bridges are not insured against terrorist attack.

No Insurance Coverage

No business interruption insurance or any other commercially available insurance coverage is currently maintained by the Authority or Caltrans with respect to damage to or loss of use of any of the Bridges. However, pursuant to the Cooperative Agreement the Authority currently maintains a self insurance fund. The Cooperative Agreement calls for a minimum balance of $50 million. As of May 1, 2010, the balance was $300 million, which would be available for reconstruction, repair and operations in the event of damage due to a major emergency which would result in closure to traffic of a Bridge estimated to extend more than 30 days and to exceed $10 million in cost. Such reserve is maintained pursuant to the Cooperative Agreement and upon agreement of Caltrans and the Authority may be reduced or eliminated in its entirety. Pursuant to the Cooperative Agreement, replenishment of funds used for such repairs would be made by the Authority from bridge toll revenues. Moreover, the Authority expects that emergency assistance and loans from the federal government would be made available to the State in the event of major damage to the Bridges caused by a major earthquake or other force majeure event.

Economic Factors

A substantial deterioration in the level of economic activity within the Bay Area could have an adverse impact upon the level of bridge toll revenues collected. In addition, the occurrence of any natural catastrophe such as an earthquake may negatively affect the Bay Area economy or traffic using the Bridge System or both. See "Risk of Earthquake" above. Bridge toll revenues may also decline due to traffic interruptions as a result of construction, greater carpooling or use of mass transit, increased costs of gasoline and of operating an automobile, more reliance on telecommuting in lieu of commuting to work, relocation of businesses to suburban locations and similar activities. RM2 includes a substantial allocation of funding for mass transit projects intended to reduce congestion in the Bridge System corridors.

Risk of Non-Payment of Direct Subsidy Payments

A portion of the payments of interest on certain of the Authority's toll bridge revenue bonds is expected to be paid with Build America Bond subsidy payments that the Authority expects to receive from the federal government. The U.S. Treasury may offset any subsidy payment to which the Authority is otherwise entitled against any other liability of the Authority payable to the United States of America, including without limitation withholding or payroll taxes, or other penalties or interest that may be owed at any time to the United States of America. The Code authorizes federal regulations and other guidance to carry out the Build America Bond program, which may reduce the certainty of receipt of subsidy payments by the Authority. Subsidy payments do not constitute full faith and credit obligations of or guarantees by the United States of America, but are to be paid as tax credits by the U.S. Treasury under the Recovery Act. Accordingly, no assurance can be given that the U.S. Treasury will make payment of the subsidy payments in the amounts which the Authority expects to receive, or that such payments will be made in a timely manner. No assurance can be given that Congress will not amend or repeal provisions of the program and thereby affect the payment of subsidy payments. If the Authority fails to comply with the conditions to receiving the subsidy payments throughout the term of the toll bridge revenue bonds designated as Build America Bonds, it may no longer receive such payments and could be subject to a claim for the return of previously received payments. The Authority has not made any covenant to comply with all of the conditions to the receipt of the subsidy payments. The Authority is obligated to make payments of principal of and interest on its toll bridge revenue bonds without regard to the receipt of subsidy payments.

Liquidity Facilities Risk

The domestic and international financial crisis and recession have had a negative impact on the availability and cost of bank letter of credit and line of credit facilities. While the Authority, by the refunding of variable rate toll bridge revenue bonds with fixed rate bonds, has reduced its requirements for liquidity facilities, it still has a material amount of variable rate debt supported by liquidity facilities and will continue to need to renew or replace liquidity facilities in the coming years or, alternatively, to restructure its variable rate debt to reduce the need for liquidity facilities. The rating agencies could announce changes in rating outlook, or reviews for downgrade, or downgrades of the Authority's liquidity facility providers. Such adverse ratings developments with respect to credit providers or purchases by the Credit Providers of bonds pursuant to the Reimbursement Agreement or Standby Bond Purchase Agreements described under "Other Authority Obligations" could cause a substantial increase in the Authority's debt service-related costs. The availability and cost of replacement bank facilities or of extending existing liquidity facilities cannot be currently predicted.

Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue

The Authority recently increased bridge tolls as described under "THE BRIDGE SYSTEM—Bridge Tolls." Construction delays or cost increases, particularly with respect to the work on the east span of the San Francisco-Oakland Bay Bridge, or additional new projects to be funded by the Authority could result in further toll increases. Authorized and future toll increases could have an adverse impact upon the level of traffic on the Bridge System and the level of bridge toll revenues collected. Lower traffic levels could result in lower total revenues, even though toll rates might increase.

Construction Delays and Cost Escalation

Construction delays and cost escalation for Seismic Retrofit Program projects may arise from any number of causes, including, but not limited to, adverse weather conditions, unavailability of contractors, coordination among contractors, environmental concerns, labor disputes, engineering errors or unanticipated or increased costs of construction such as labor, equipment, and materials. In addition, construction delays and increased costs may also be caused by uncontrollable circumstances, force majeure events, unforeseen geotechnical conditions, the presence of hazardous materials or endangered species on or near the Bridges, or for other reasons.

Although Caltrans has made determinations of estimated costs and expected completion dates for each of the Seismic Retrofit Program projects that it believes are reasonable, the Seismic Retrofit Program contractors may not deliver the Seismic Retrofit Program projects within the anticipated time period or within budget, for a variety of reasons. Caltrans' cost estimates for the Seismic Retrofit Program were developed using available information based on the contract bid amount, contract change orders status and an assessment of project risks, including ongoing contract disputes and claims. In updating both cost estimates and schedules Caltrans has identified many risks related to design, bid and construction processes. Seismic construction strategies are being employed at scales never before used. As a result, there is an inherent level of uncertainty in projecting Seismic Retrofit Program costs and schedules. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

The engineering, fabrication and construction of the self-anchored suspension superstructure of the new east span of the San Francisco-Oakland Bay Bridge present many unique challenges. Several factors could contribute to cost increases and/or construction delays for the self-anchored suspension superstructure, including (i) construction bonding and insurance market changes which may result in reduced capacity available to handle payment and performance bonding requirements and higher rates to assume risks on large complex projects; (ii) steel industry capacity and economic changes resulting in fluctuations in supply and demand impacting both domestic and international markets for steel production and steel fabrication, particularly for large scale assembly and delivery; (iii) structural design changes;

(iv) technical complexity; (v) adjacent project interference; (vi) laws protecting domestic industry; (vii) disruptions in supply or the construction industry due to natural disasters; and (viii) increases in the price of oil or other energy sources.

Seismic Retrofit Program projects cost estimates have materially and substantially increased in the past and may increase again in the future. Past increases have been attributable in large part to the new east span of the San Francisco-Oakland Bay Bridge.

Voter Initiatives

In 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including local or regional agencies such as the Authority, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government. The Authority does not believe that the levy and collection of bridge tolls are taxes subject to the voter approval provisions of Proposition 218.

Proposition 218 also provides for broad initiative powers to reduce or repeal any local tax, assessment, fee or charge. Article XIIIC does not define the terms local "taxes," "assessment," "fee" or "charge." However, the Supreme Court of California, in the case of *Bighorn–Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006), held that the initiative power described in Article XIIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIIC and XIIID. Article XIIID defines "fee" or "charge" to mean a levy (other than ad valorem or special taxes or assessments) imposed by a local government "upon a parcel or upon a person as an incident of property ownership", including a user fee for a "property related service." However, the Court also found that the terms "fee" and "charge" in section 3 of Article XIIIC may not be subject to a "property related" qualification. The Authority does not believe that the bridge toll is a "fee" or "charge" as defined in Articles XIIID or XIIIC. If ultimately found to be applicable to the bridge tolls, the initiative power could be used to rescind or reduce the levy and collection of bridge tolls under Proposition 218. Any attempt by voters to use the initiative provisions under Proposition 218 in a manner which would prevent the payment of debt service on the Authority's toll bridge revenue bonds should arguably violate the Impairment of Contract Clause of the United States Constitution and accordingly, be precluded. The Authority cannot predict the potential financial impact on the financial condition of the Authority and the Authority's ability to pay the purchase price, principal of and interest on its toll bridge revenue bonds as and when due, as a result of the exercise of the initiative power under Proposition 218.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the Owners and Beneficial Owners of certain series of toll bridge revenue bonds to cause to be provided annual reports to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website ("EMMA") for purposes of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), including its audited financial statements and operating and other information as described in the Continuing Disclosure Agreement. Pursuant to such undertakings, the Authority will provide an annual report through EMMA not later than nine months after the end of each fiscal year of the Authority (presently June 30). A form of such Continuing Disclosure Agreement is attached as APPENDIX D.

MISCELLANEOUS

This Information Statement is not to be construed as a contract or agreement between the Authority and holders of any of the Authority's toll bridge revenue bonds. All quotations from and summaries and explanations of statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Information Statement involving matters of opinion are intended as such and not as representations of fact.

BAY AREA TOLL AUTHORITY

By: /s/ Steve Heminger
Executive Director

APPENDIX A

METROPOLITAN TRANSPORTATION COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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October 1, 2010

Honorable Chairman
Members of the Metropolitan Transportation Commission

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Metropolitan Transportation Commission (MTC), it's blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2010. State law requires that MTC and its component units publish a complete audited financial statement within six months of the close of each fiscal year.

Responsibility for both accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management and staff of MTC. To the best of our knowledge and belief, the enclosed information and report is accurate in all material respects, presented in conformance with Generally Accepted Accounting Principles (GAAP) and reported in a manner that presents fairly the financial position and operating results of MTC, its blended and discretely presented component units and fiduciary funds as of June 30, 2010. All disclosures reasonably necessary to enable an understanding of the government's financial activities have been included.

MTC management and staff are also responsible for the accounting and internal financial controls. MTC maintains a system of internal controls designed, we believe, to provide reasonable protection for MTC's assets.

The goal of the independent audit is to provide reasonable assurance that the financial statements presented here for the fiscal year ended June 30, 2010, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal programs conducted under the provisions of OMB Circular A-133. The agency's Independent Auditors, PricewaterhouseCoopers LLP, have issued an unqualified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. This narrative is presented in the form of Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report.

The CAFR for the fiscal year ended June 30, 2010 includes financial information for all funds, accounts and fiduciary activities for which MTC has financial accountability. MTC also participates in numerous boards, groups and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control and, as such, information related to these outside groups and associations are excluded from this report. MTC is also a member of the Regional Administrative Facility Corporation (RAFC), which is a joint powers facility management association consisting of MTC, the Association of Bay Area Governments (ABAG), and the Bay Area Rapid Transit District (BART). The MTC Commission does not have financial accountability for RAFC or its expenses and as such, RAFC is excluded from this report. See discussion on Related Party Transaction in the Notes to the Financial Statements, Note 12.

Profile of the Government:

MTC was established under the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area: Alameda, Contra Costa, Marin, Napa, the City and County of San Francisco, San Mateo, Santa Clara, Solano and Sonoma. The Commission consists of sixteen voting and three non-voting members representing the following:

Agency	Voting Members	Non-Voting Members
Alameda County	2	
Contra Costa County	2	
Marin County	1	
Napa County	1	
City & County of San Francisco	2	
San Mateo County	2	
Santa Clara County	2	
Solano County	1	
Sonoma County	1	
Association of Bay Area Governments (ABAG)	1	
San Francisco Bay Conservation & Development Commission	1	
U.S. Department of Transportation		1
U.S. Department of Housing & Urban Development		1
State Business, Transportation & Housing Agency		1
Total:	16	3

Each Commissioner's term of office is four years or until a successor is appointed.

MTC commissioners also serve as the governing authority for MTC Service Authority for Freeways & Expressways (MTC SAFE), the Bay Area Toll Authority (BATA) and the Bay Area Infrastructure Financing Authority (BAIFA). The Commission is responsible for adopting budgets for operating and project costs, as well as setting general policy direction. An Executive Director appointed by the Commission is responsible for carrying out Commission direction and day-to-day administration of MTC and its employees.

While the 2010 fiscal year continued to be another challenging year, there were still significant accomplishments made by MTC. These accomplishments include the issuance of The Bay Area Toll Authority's (BATA) first Build America Bonds for $1.3 billion, BATA's payment of a termination fee and termination of its swaps with Ambac and BATA's refund of $768 million variable debt with fixed rate debt in August 2009. These accomplishments are discussed along with other detail in the management discussion and analysis highlights.

Awards and Acknowledgments:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transmission Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service of the finance staff. I thank the MTC finance staff for their hard work and dedication in producing this report in an accurate and timely manner.

Sincerely,

Brian Mayhew
Chief Financial Officer

METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 - Eight Street
Oakland, CA 94607

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Web: http://www.mtc.ca.gov

STAFFING ORGANIZATION

February 2010

COMMISSION
Scott Haggerty
Chair

EXECUTIVE OFFICE (6)
Steve Heminger
Executive Director

Rosy Leyva
Commission Secretary

Maria Leon
Exec Assistant

Eva Jimenez
Exec Assistant

OFFICE OF CHIEF FINANCIAL OFFICER (32)
Brian Mayhew
CFO

- Debbie Atmaja
- Suzanne Bode
- Michael Brinton
- Vince Cabrieto
- Catherine Cam
- Sonia Elsonbaty
- Maria "Elena" Federis
- Abbey Haile
- Betty Lam
- Susana Lau
- Alan Lee
- Jennifer Lee
- Suk Li
- Jeannie Lim
- Jessica Lin
- Lilia Lobetos
- Doris Louie
- Gary Louie
- Nancy Louie
- Mabel Melkonians
- Carolyn McKenzie (*Jacks*)
- Rowena Pagtakhan
- Anna Pan
- Prabhashni Prasad
- Renato Reyna
- Eva Sun
- Lourdes Tang
- Carol Weismiller
- Susan Woo
- Russell Yuen

Vacant - Toll Revenue Auditor

DEPUTY EXECUTIVE DIRECTOR, POLICY
Ann Flemer

JOINT POLICY COMMITTEE
Ted Droettboom

PLANNING (19)
Doug Kimsey
Director

- Harold Brazil
- Sean Co
- Benjamin Espinosa
- Shimon Israel
- Douglas Johnson
- Lisa Klein
- Valerie Knepper
- Ashley Nguyen
- David Ory
- Janice Richards
- Rupinder Singh
- Kearey Smith
- Therese Trivedi
- Stella Wotherspoon
- Jennifer Yeamans
- Michael Ziyambi

Vacant - Planner Analyst
Vacant - Planner Analyst

PROGRAMMING AND ALLOCATIONS (19)
Alix Bockelman
Director

- Mathew Adamo
- Marcella Aranda
- Bob Bates
- Carolyn Clevenger
- Kenneth Folan
- Craig Goldblatt
- Theresa Hannon
- Shruti Hari
- Kimberly Hughes
- Kenneth Kao
- Kristen Mazur
- Ross McKeown
- Anne Richman
- Theresa Romell
- Sri Srinivasan
- Sui Tan
- Glen Tepke
- Christina Verdin

LEGISLATION AND PUBLIC AFFAIRS (18)
Randy Rentschler
Director

- Catalina Alvarado
- Peter Beeler
- Karin Betts
- Ying Cai
- David Cooper
- Joe Curley
- John Goodwin
- Ellen Griffin
- Pam Grove
- Brenda Kahn
- Georgia Lambert
- Leslie Lara
- Rebecca Long
- Jessica Moran
- Michele Stone
- Julie Tunnell
- Ursula Vogler

ADMINISTRATIVE AND TECHNOLOGY SERVICES (25)
Teri Green
Director

- Jason Agbunag
- Gavin Alavinejad
- Luis Barragan
- Tom Bryan
- Betty Cecchini
- Frank Harris
- Robert Hoffman
- Robin James
- Paula Johnson
- *Pratul Kant
- Thomas Lacap
- Yong Lee
- Ann Macaulay
- Joel Markowitz
- Irving Maxwell
- Ethan Michaels
- Gilbert Mingming
- Celeste Ramos
- Denise Rodrigues
- Valerie Stark
- Michelle Tan
- Lois Tucker
- Norma White

Vacant - Novell Sys Admin.

DEPUTY EXECUTIVE DIRECTOR, OPERATIONS
Andrew Fremier

HIGHWAY AND ARTERIAL OPERATIONS (15)
Albert Yee
Director

- Nancy Charles
- Joanna Fox
- Michael Kerns
- Joy Lee
- Sze Lei Leong
- Jaime Maldonado
- Raymond Odunlami
- Nancy Okasaki
- Stefanie Pow
- Nina Rohlich
- Danielle Stanislaus
- John Urban *
- Radiah Victor

Vacant - Program Coordinator

BRIDGE OVERSIGHT AND OPERATIONS (12)
Rod McMillan
Director

- Stephen Baker
- Valerie Campbell
- Jeff Gerbracht
- Kathy Hsieh
- Raymond Jocson
- Linda Lee
- Peter Lee
- Scott Shepard
- Jason Weinstein
- Stephen Wolf
- Beth Zelinski

TRAVELER COORDINATION AND INFORMATION (20)
Melanie Crotty
Director

- Nisar Ahmed
- Jacob Avidon
- Janet Banner
- Edgar Brown
- Shauna Callow
- Cheryl Chi
- Brian Gebhardt *
- Pierce Gould
- Susan Heinrich
- Kelley Jackson*
- Carol Kuester
- Mike Lee *
- Jim Macrae
- Debbie Scarborough
- Thomas Spiekerman
- James Stagi
- Lynn Valdivia
- Emily Van Wagner
- David Weir

OFFICE OF GENERAL COUNSEL (4)
Francis Chin [1]
General Counsel

Melanie J. Morgan
Deputy General Counsel

Cynthia Segal
Associate Counsel

Ron Ceguera
Legal Assistant

Footnotes:
166 Regular full-time positions
4 Project-based positions*
170 Total Positions
1 Advises Commission Directly
updated -01-27-10

Steve Heminger
Executive Director

METROPOLITAN TRANSPORTATION COMMISSION

COMMISSIONERS

Scott Haggerty, Chair	Alameda County
Adrienne J. Tissier, Vice Chair	San Mateo County
Tom Azumbrado	US Department of Housing and Urban Development
Tom Bates	Cities of Alameda County
Jake Mackenzie	Sonoma County and Cities
Dean Chu	Cities of Santa Clara County
Dave Cortese	Association of Bay Area Governments
Chris Daly	City and County of San Francisco
Dorene M. Giacopini	US Department of Transportation
Federal Glover	Contra Costa County
Anne W. Halsted	San Francisco Bay Conservation and Development Commission
Steve Kinsey	Marin County and Cities
Sue Lempert	Cities of San Mateo County
Jon Rubin	San Francisco Mayor's Appointee
Bijan Sartipi	State Business, Transportation and Housing Agency
James P. Spering	Solano County and Cities
Amy Worth	Cities of Contra Costa County
Ken Yeager	Santa Clara County

APPOINTED OFFICIALS

Steve Heminger	Executive Director
Adrienne Weil	Legal Counsel

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transportation Commission, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Three Embarcadero Center
San Francisco, CA 94111
Telephone (415) 498-5000
Facsimile (415) 498-7100

Report of Independent Auditors

To the Commissioners of the
Metropolitan Transportation Commission:

In our opinion, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of MTC at June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the MTC's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

The accompanying management's discussion and analysis appearing on pages 2 through 13 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 80 through 84 of this report are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTC's basic financial statements. The supplementary schedules identified in the table of contents under *Other Supplementary Information* and appearing on pages 85 through 107 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The charts, schedules and other information identified in the table of contents under *Statistical Section* and appearing on pages 108-124 of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PricewaterhouseCoopers LLP

October 7, 2010

Management's Discussion and Analysis

(Except as otherwise stated, all amounts described below are expressed in thousands of dollars – '000 removed)

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as it's blended and discretely presented component units as discussed separately below for the years ended June 30, 2010 and 2009.

A. Financial Highlights

Fiscal 2010 was another difficult year for MTC as it was for the nine-county region, state and nation as a whole. Virtually all of MTC's operational units saw reduced revenue from many sources such as, declining toll revenue, declining sales tax and DMV revenue, the state reduction of transportation funds for state budget purposes and interest rates reaching near zero levels on invested assets. One highlight was the State of California reinstated STA revenue and made a payment in late June 2010. Work has begun on projects funded with federal stimulus money. These projects include the Doyle Drive Replacement project and the Caldecott Tunnel Fourth Bore.

Following are some highlights from fiscal year 2010:

- MTC is taking a lead in implementing the Climate Initiatives Program.
- The San Francisco Bay Bridge was closed Labor Day weekend for another milestone – the last piece of a temporary traffic bypass was successfully rolled out on the East Span of the bridge.
- The San Francisco Bay Bridge was closed for another ten days due to eye bar repairs.
- MTC's 511 Transit site was named one of ten great government Web sites nationwide for 2009 by Government Computer News. The site offers online trip planning as well as route, fare, and schedule data for transit operators in the Bay Area.
- BART and Caltrain became the fourth and fifth transit operators to launch Clipper, formerly known as TransLink, in August 2009. These are the regions two largest transit operators to join the regional fare system.
- The Bay Area Toll Authority (BATA) will increase its toll rates on the seven Bay Area Bridges effective July 1, 2010.
- State Transit Assistance funds of $144 million were paid by the State of California in late June 2010 for fiscal years 2010 and 2011.
- Sales tax revenue decreased in the region for the second straight year due to the economic downturn.
- BATA issued its first set of Build America Bonds (BABs) in November 2009. BATA receives a rebate of 35% of the interest expense on the taxable bonds from the US government.

Despite continuing economic issues, MTC and its operating units are in stable financial condition and are providing valuable regional resources in seismic and transportation projects to help the region recover. All MTC operating units, MTC, BATA and MTC Service Authority for Freeways and Expressways (MTC SAFE), managed to adopt 2010-2011 budgets that met lower revenue levels with lower expense levels, but without staff layoff or significant reduction in MTC service levels.

B. Overview of Government-Wide Financial Statements

The government-wide financial statements provide an overview of MTC, as well as its blended and discretely presented component units. The government-wide financial statements comprise a Statement of Net Assets, a Statement of Activities, and accompanying footnotes. The Statement of Net Assets presents information on the government-wide assets and liabilities of MTC at the end of the 2010 and 2009 fiscal years. The difference between the assets and liabilities is reported as "Net Assets." The Statement of Activities presents government-wide information showing the change in net assets resulting from revenues earned and expenses incurred during the 2010 and 2009 fiscal years. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds and activities, as well as one discretely presented component unit. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are BATA, MTC SAFE, and Bay Area Infrastructure Authority (BAIFA). BATA and MTC SAFE are blended component units (legally separated) whose transactions are presented as if they were business-type funds. BAIFA is a discretely presented component unit on the government-wide financial statements. MTC also holds and administers two fiduciary funds. These funds are further described in section C below and in Note 1A to the Financial Statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 14-17 of this report with the accompanying footnotes being presented on pages 34-79.

C. Overview of the Fund Financial Statements

i.) Governmental Funds

Governmental funds are used to account for the MTC activities and are supported primarily by grants, contributions, sales taxes, and intergovernmental revenue sources. Governmental funds provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, two major special revenue funds, other non-major special revenue funds and a capital projects fund. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 18-24 of this report. A schedule detailing the non-major special revenue funds are included on pages 86-87 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 81-83 of this report. A comparison of budget to actual is also presented for non-major funds on pages 88-93.

ii) *Proprietary Funds*

Proprietary funds are used to report business-type activities. MTC has two proprietary funds, BATA and MTC SAFE. These funds are presented as blended component units of MTC as if they were proprietary funds on the government-wide and fund financial statements because they meet the GASB Statement No. 14 criteria for doing so. BATA oversees the administration of toll collection and maintenance activities for the seven state-owned bridges in the San Francisco Bay Area, as well as administers BATA Regional Measure 1 (RM 1) and Regional Measure 2 (RM 2) capital improvement programs approved by the voters in 1988 and 2004, respectively. BATA has oversight responsibilities over the seismic toll revenue as well as the retrofit program. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 25-32.

iii) *Fiduciary Funds*

Fiduciary funds are used to account for resources held in a trust or agent capacity for the benefit of parties outside MTC. These funds are not reflected in the government-wide financial statements, as the resources cannot be used to support the programs of MTC or those of its component units. The fiduciary funds of MTC use the economic resources measurement focus and the accrual basis of accounting.

MTC reports on two fiduciary funds, Transportation Development Act (TDA) and BART Half-Cent Sales Tax (AB 1107) funds. Revenue for each of these funds is derived from sales tax revenues. The revenues for the TDA fund are deposited in MTC's name as fiduciary with the respective treasurer in each of the nine counties in the region. The revenues for the AB 1107 fund are deposited with the State of California. MTC has administrative oversight for the allocation of these funds.

The fiduciary funds financial statement is presented on page 33 of this report.

iv) *Discretely Presented Component Unit*

The Bay Area Infrastructure Authority (BAIFA) was established in August 2006, as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA applies funds received to pay debt service on bonds issued by BAIFA to finance or refinance the related capital improvement projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statement as it does not meet the criteria for blending under the provisions of GASB Statement No. 14.

D. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

E. Government-Wide Financial Analysis

Total government-wide liabilities exceeded total assets for fiscal 2010 by $3,259,876 while total government-wide liabilities exceeded assets by $2,690,030 for fiscal 2009 as illustrated in the following table. This represents a decrease in net assets for fiscal 2010 of $569,846 and a decrease of $800,093 for fiscal 2009. The cause of the net asset deficit is the impact of BATA since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed.

i.) Statement of Net Assets

The following table shows a portion of the MTC's government-wide statements of net assets for the last three years:

Metropolitan Transportation Commission's Statement of Net Assets ($000)

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Cash and investments	$ 434,395	$ 300,012	$ 273,188	$ 2,603,997	$ 2,110,180	$ 2,901,882	$ 3,038,392	$ 2,410,192	$ 3,175,070
Receivables	35,445	48,074	80,962	22,462	11,643	12,912	57,907	59,717	93,874
Other assets & deferred outflows	8,147	7,977	8,139	346,907	385,863	210,295	355,054	393,840	218,434
Loan to other agency	29,000	37,000	42,000	-	-	-	29,000	37,000	42,000
Capital assets	7,946	8,443	8,855	18,199	12,779	8,206	26,145	21,222	17,061
Total assets and deferred outflows	514,933	401,506	413,144	2,991,565	2,520,465	3,133,295	3,506,498	2,921,971	3,546,439
Other liabilities	37,883	63,102	61,557	414,451	335,978	272,053	452,334	399,080	333,610
Long term liabilities	22,829	30,679	38,668	6,291,211	5,182,242	5,064,098	6,314,040	5,212,921	5,102,766
Total liabilities	60,712	93,781	100,225	6,705,662	5,518,220	5,336,151	6,766,374	5,612,001	5,436,376
Net assets:									
Invested in capital assets, net of related debt	7,936	8,393	8,768	18,199	12,779	8,206	26,135	21,172	16,974
Restricted	467,544	329,243	337,420	200,000	293,873	338,458	667,544	623,116	675,878
Unrestricted	(21,259)	(29,911)	(33,269)	(3,932,296)	(3,304,407)	(2,549,520)	(3,953,555)	(3,334,318)	(2,582,789)
Total net assets / (deficit)	$ 454,221	$ 307,725	$ 312,919	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)	$ (3,259,876)	$ (2,690,030)	$ (1,889,937)

Cash and investments increased by $628,200 from 2009 to 2010 and decreased by $764,878 from 2008 to 2009. The increase in 2010 is mainly the result of proceeds from BATA's toll revenue bond issuance and the STA revenue of $144,121 released by the State of California in late June 2010. The decrease in 2009 is mainly due to BATA financing the RM1 and the Seismic retrofit projects.

Long-term liabilities increased by $1,101,119 or 21.1 percent in 2010 and increased by $110,155 or 2.2 percent in 2009. The increase in 2010 is due to the $1.3 billion issuance of BABs less $242 million of debt classified as current from long term due to the expected repayment in the following fiscal year 2011. The increase in 2009 is mainly due to the increase in the change in the fair value of the derivative instrument interest rate swaps of $252,460 and a decrease of $142,741 of debt that was reclassified from long term to current, which includes a reclassification of $99,049 to current on the debt due to BAIFA.

In fiscal year 2007, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and irrevocably assigned to BAIFA $1,135,000 of future state payments representing part of the State of California's share for the seismic retrofit and replacement program. The state payments are provided for in state legislation. In December 2006, BAIFA issued notes called State Payment Acceleration Notes (SPAN) of $972,320. As BATA incurs expenses for the seismic projects, BAIFA reimburses BATA from the note proceeds. The transactions are accounted for under Governmental Accounting Standards Board Statement No. 48 on "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." The long term liability due to BAIFA is $393,090 and $546,042 as of fiscal 2010 and 2009, respectively.

Other liabilities increased by $53,254 or 13.3 percent in 2010 compared to an increase of $65,470 or 19.6 percent in 2009. The increase in 2010 is mainly due to an increase of $54,000 in the BAIFA scheduled payment from BATA. The 2009 increase is mainly due to the increase in the BAIFA scheduled payment of $56,000 from BATA and $7,352 payable to Caltrans.

The net deficit increased by $569,846 or 21.1 percent in 2010 following an increase of $800,093 or 42.3 percent in 2009. The increase in the net deficit for both fiscal years is mainly from the drawdowns of the Seismic Retrofit, RM 1, and RM 2 capital programs. BATA is the financing arm for the Regional Measures 1, 2, and Seismic Retrofit programs. The bond proceeds from these debt obligations are used to reimburse Caltrans for capital construction costs on the seven state-owned toll bridges. Since the bridges are not capitalized under BATA and title remains with Caltrans, the combination of distributions to Caltrans and increased debt to pay for project expenditures creates a negative asset, or deficit. Future toll revenues are pledged to cover debt service payments. This information is more fully described in Note 2 of this report.

ii) Statement of Activities

The net assets for governmental activities increased in fiscal 2010 while the net deficit for business type activities also increased for the same period. The increase in net assets for governmental activities is mostly due to the increase of $109 million of federal and state revenue in fiscal 2010. The increase in the net deficit for business type activities is the result of BATA project financing and expense activities. A breakdown of this activity is illustrated in the table below:

Metropolitan Transportation Commission's Statement of Activities ($000)

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenues:									
Program revenues:									
Charges for services	$ -	$ -	$ -	$ 486,889	$ 492,963	$ 497,712	$ 486,889	$ 492,963	$ 497,712
Operating grants and contributions	249,436	146,844	207,496	131,872	53,490	110,372	381,308	200,334	317,868
Capital grants and contributions	10,673	-	9,858	-	-	-	10,673	-	9,858
General revenues:									
Investment earnings	2,185	5,785	11,390	(14,865)	149	116,704	(12,680)	5,934	128,094
Total revenues	262,294	152,629	228,744	603,896	546,602	724,788	866,190	699,231	953,532
Expenses:									
General government	97,260	86,672	85,202	-	-	-	97,260	86,672	85,202
Allocations to other agencies	54,852	99,153	152,999	-	-	-	54,852	99,153	152,999
Toll bridge activities	-	-	-	1,266,615	1,299,135	1,234,968	1,266,615	1,299,135	1,234,968
Congestion relief	-	-	-	17,309	14,363	13,675	17,309	14,363	13,675
Total expenses	152,112	185,825	238,201	1,283,924	1,313,498	1,248,643	1,436,036	1,499,323	1,486,844
Inc/(Dec) in net assets before transfers	110,182	(33,196)	(9,457)	(680,028)	(766,896)	(523,855)	(569,846)	(800,092)	(533,312)
Transfers in (out)	36,314	28,003	28,922	(36,314)	(28,003)	(28,922)	-	-	-
Increase (decrease) in net assets	146,496	(5,193)	19,465	(716,342)	(794,899)	(552,777)	(569,846)	(800,092)	(533,312)
Net assets / (deficit) - Beginning	307,725	312,918	293,454	(2,997,755)	(2,202,856)	(1,650,079)	(2,690,030)	(1,889,938)	(1,356,625)
Net assets / (deficit) - Ending	$ 454,221	$ 307,725	$ 312,919	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)	$ (3,259,876)	$ (2,690,030)	$ (1,889,937)

Management does not believe that Governmental Funds and Business-type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be seen in their respective parts to evaluate MTC's financial results. State and federal laws restrict MTC's various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanation is included in the business-type activities as well as the schedule of governmental funds.

F. Financial Analysis of Business-Type Activities

The following table shows the results of operations for the last three years.

Business-Type Activities ($000)

	Bay Area Toll Authority			MTC SAFE			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenues:									
Toll revenues collected by Caltrans	$ 466,086	$ 470,136	$ 477,377	$ -	$ -	$ -	$ 466,086	$ 470,136	$ 477,377
Other operating revenues	14,926	16,829	14,309	5,877	5,998	6,026	20,803	22,827	20,335
Total revenues	481,012	486,965	491,686	5,877	5,998	6,026	486,889	492,963	497,712
Operating expenses:									
Operating expenses incurred by Caltrans	27,226	28,610	30,271	-	-	-	27,226	28,610	30,271
Other operating expenses	78,535	72,963	70,820	13,235	13,630	13,698	91,770	86,593	84,518
Total operating expenses	105,761	101,573	101,091	13,235	13,630	13,698	118,996	115,203	114,789
Operating income/(loss)	375,251	385,392	390,595	(7,358)	(7,632)	(7,672)	367,893	377,760	382,923
Non-operating revenues/(expenses)									
Investment income (charges)	(14,874)	21	116,134	9	128	570	(14,865)	149	116,704
BABs interest subsidy	18,682	-	-	-	-	-	18,682	-	-
Interest expense	(224,821)	(197,742)	(191,859)	-	-	-	(224,821)	(197,742)	(191,859)
Financing fees	(14,740)	(14,442)	(7,622)	-	-	-	(14,740)	(14,442)	(7,622)
Loss on swap termination	(80,588)	-	-	-	-	-	(80,588)	-	-
Other non-operating expense	(2,243)	(2,333)	(1,387)	-	-	-	(2,243)	(2,333)	(1,387)
Operating grants	102,239	46,244	102,832	10,952	7,247	7,540	113,191	53,491	110,372
Distrib to other agencies for capital purposes	(838,462)	(983,046)	(933,009)	(3,920)	(733)	-	(842,382)	(983,779)	(933,009)
Other	-	-	-	(155)	-	23	(155)	-	23
Total nonoperating revenues (expenses)	(1,054,807)	(1,151,298)	(914,911)	6,886	6,642	8,133	(1,047,921)	(1,144,656)	(906,778)
Income/(loss) before transfers	(679,556)	(765,906)	(524,316)	(472)	(990)	461	(680,028)	(766,896)	(523,855)
Transfers	(34,663)	(26,710)	(27,208)	(1,651)	(1,293)	(1,714)	(36,314)	(28,003)	(28,922)
Change in net assets	(714,219)	(792,616)	(551,524)	(2,123)	(2,283)	(1,253)	(716,342)	(794,899)	(552,777)
Total net assets / (deficit) – beginning	(3,018,464)	(2,225,848)	(1,674,324)	20,709	22,992	24,245	(2,997,755)	(2,202,856)	(1,650,079)
Total net assets / (deficit) – ending	$ (3,732,683)	$ (3,018,464)	$ (2,225,848)	$ 18,586	$ 20,709	$ 22,992	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)

BATA is the largest of MTC's business-type activities and one of the largest and highest rated toll enterprises in the country.

BATA's toll revenue decreased by $4,050 in 2010 and decreased by $7,241 in 2009. The total number of paid toll vehicles for all bridges decreased by .85 percent in 2010 after a drop of 1.3 percent in fiscal 2009. The San Francisco Bay Bridge was closed on Labor Day to install the last piece of a temporary bypass. The bridge was also closed for several days for emergency eyebar repair. The two events resulted in estimated revenue loss of $3 million in fiscal 2010. BATA believes the decrease in paid traffic for fiscal 2009 was related to economic conditions. Detailed traffic counts are available in the Statistical Section, Table 8.

BATA's other operating revenue, consisting primarily of toll violation payments, decreased by $1,903 in 2010 compared to an increase of $2,520 in 2009. The decrease in 2010 is due to the fact that the collection of violation penalties is current whereas the 2009 included collections from prior years due to increased efforts in the collection of violation penalties. As an added means of controlling toll evasion, BATA installed a new violation system that was implemented in February 2010.

BATA's total operating expenses rose by $4,188 or 4.1 percent in 2010 and $482 or .5 percent increase for 2009. The main component of the increase in 2010 is due to an increase in the purchase of toll tags of $3,868. This increase in demand is in anticipation of charging a toll for carpoolers effective July 1, 2010. In 2009, the increase is mainly due to an increase in the salaries and benefits of $422.

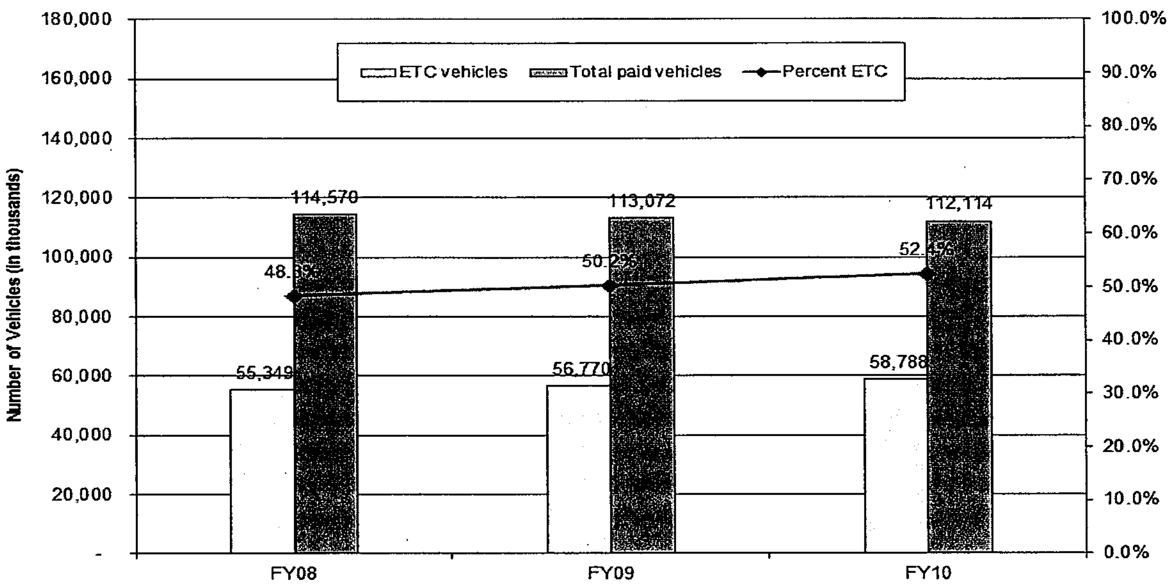
BATA's investment income for 2010 decreased by $(14,895) compared to a decrease of $116,113 in 2009. The decrease in both years was due to a combination of lower interest rates and lower cash balances. In 2010 interest income was $8,678 and offset by $23,552 of unrealized loss on hedge termination. In 2009 interest income was $38,740 and offset by $38,719 of unrealized loss on hedge termination. The $23,552 and $38,719 in 2010 and 2009, respectively, represents a charge for the change in the market valuation of the swaps that no longer qualify for hedge accounting as discussed in Note 1.S to the financial statements. BATA's BABs interest subsidy includes the federal subsidy from the US government for BATA's first BABs issuance in November 2009.

BATA's interest expense increased by $27,079 and $5,883 for fiscal 2010 and 2009, respectively. The issuance of the new 2009 Series F2 fixed rate bonds contributed to the increase in fiscal 2010. This increase is offset by the lower swap interest expense payment caused by the termination of the Ambac swap contract in July 2009. As a result of the contract termination with Ambac, BATA recognized a loss in swap termination expense of $80,588 in fiscal 2010. In 2009, the increase was caused by higher swap interest expense.

BATA's financing fees and other non-operating expense increased by $208 and $7,766 in 2010 and 2009, respectively. The increase in fiscal 2010 is due to the increase in the liquidity fees. The combination of the liquidity fee increases and the additional facility fees from the new refunding and reoffering of variable bonds are the factors for the increase for 2009.

Revenue collections from the FasTrak® electronic toll program continue to increase. Electronic toll collection (ETC) revenue comprised 52.4 percent of the total paid vehicles in fiscal 2010 compared to 50.2 percent in the prior fiscal year. The graph on the next page illustrates the increase in electronic toll collection usage for the last three years.

ETC Usage by Fiscal Year



The growth in ETC processing has had the positive impact of improving traffic flow on the bridges, but has experienced an increase in toll violations.

MTC SAFE operating revenues (DMV fees) decreased by $121 or 2.0 percent in fiscal year 2010 and by $28 or 0.5 percent in 2009. In fiscal 2010 the most revenue decreased is from Santa Clara County, while in fiscal 2009 the largest revenue loss was from San Mateo County.

Operating expense for MTC SAFE decreased by $395 or 2.9 percent in 2010 and by $68 or 0.5 percent in 2009. The net decrease in operating expense for fiscal 2010 is due to several expense areas: lower towing costs of $287 due to lower fuel costs, a decrease of $223 and $27 in professional fees and in other operating expense, respectively. There were additional callboxes installed to create an increase in expense of $33 in repairs and maintenance, $24 increase in communication charges, and an increase of $74 in depreciation and amortization. There was also an increase in salaries and benefits of $11. The 2009 decrease was mainly due to a decrease in professional fees.

Interest income decreased by $119 in fiscal 2010 and decreased by $442 in fiscal 2009. The decreased in both years were mainly due to low interest rates and lower cash balances.

G. Financial Analysis of Governmental Funds

The fund balance of the MTC governmental funds was $442,169 and $295,069 as of June 30, 2010 and 2009, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of $763 and $593 for prepaid items in fiscal 2010 and 2009, respectively, and restricted amounts of $417,864 and $273,880 for transportation and rail projects for fiscal 2010 and 2009, respectively. The committed amounts of $12,534 and $10,386 for fiscal 2010 and 2009, respectively, represent amounts designated by the Commission for specific or other designated purposes. The unassigned fund balance of $11,009 and $10,210 for fiscal 2010 and 2009, respectively, represents unassigned funds available for appropriation at the discretion of the MTC Board.

The following table illustrates the revenues and expenditures for the past three fiscal years. Refer to page 24 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds ($000)		
	2010	2009	2008
Revenues:			
Sales taxes	$ 8,824	$ 9,848	$ 10,799
Grants - Federal	63,559	41,426	50,727
Grants - State	148,976	61,796	127,565
Local agencies revenues and refunds	46,755	33,774	33,262
Investment income	2,185	5,785	12,800
Total revenues	270,299	152,629	235,153
Expenditures:			
Current:			
General government	70,100	64,358	74,153
Allocations to other agencies	66,875	107,027	163,424
Capital outlay	22,538	13,542	15,743
Total expenditures	159,513	184,927	253,320
Transfers in	36,314	28,003	75,922
Net change in fund balance	147,100	(4,295)	57,755
Fund balance - beginning	295,069	299,364	241,609
Fund balance - ending	$ 442,169	$ 295,069	$ 299,364

Total revenue increased $117,670 or 77.1 percent in 2010 and decreased by $82,524 or 35.1 percent in fiscal 2009. The total revenue increase in fiscal 2010 is mainly due to the STA revenue increase of $88,480 from fiscal year 2009. The State of California released these funds in late June 2010. This revenue will be budgeted for expenditure in fiscal 2011. The State of California reduced the STA revenue by one half and retained the other half for its budget for fiscal 2009. MTC's sales tax revenue decreased by $1,024 or 10.4 percent in fiscal 2010 compared to a decrease of $951 or 8.8 percent in fiscal 2009. All nine counties' sales tax revenue for fiscal 2010 decreased from the previous fiscal year. All nine counties have been adversely affected by the slowdown in retail sales. Overall, governmental fund expenditures dropped by $25,414 in 2010 and dropped by $68,393 in 2009. General government expenditures increased by $5,742 in 2010 due to an increase Surface Transportation Program reimbursement activity of $4,508 for the Congestion Management Agencies and a contribution of $710 to OPEB trust account in fiscal 2010. The 2009 general government expenditures decreased by $9,795 due mostly to pre-funding the Other Post Employment Benefit (OPEB) liability. More information on the pre-funding of the OPEB liability is provided in Note 9 to the financial statements. Allocations to other agencies decreased by $40,152 or 37.5 percent for fiscal 2010 compared to a decreased by $56,397 or 34.5 percent for fiscal 2009. The decrease in 2010 is due to late release of STA funding in June 2010 which decreased STA allocations in fiscal 2010. The decrease in 2009 is due to State budget cuts for the State Transit Assistance program.

The capital outlay expenditures increased by $8,996 in fiscal 2010 and decreased by $2,201 in fiscal 2009. The increase in 2010 is largely due to the San Francisco Faregate project funded by the ARRA capital grant. The decrease in 2009 is due to the completion of the Metro Center seismic retrofit project in August 2008.

Transfers increased by $8,311 in 2010 as a result of an RM2 allocation to fund Translink operating and capital expenditures in fiscal 2010. The decrease of $47,919 in 2009 is mainly the result of MTC receiving $47,000 as proceeds from the BART loan assignment in 2008. Under the agreement, MTC assigned the balance of the BART loan to BATA in exchange for an up-front payment.

The change in net assets presented in the Statement of Activities for governmental activities has increased as well. Net assets for governmental funds were $454,221 and $307,725 for fiscal years 2010 and 2009, respectively. Program revenues increased by $113,265 or 77.1 percent in 2010 and decreased by $70,510 or 32.4 percent in fiscal 2009. For 2010, the increase was due to increases in transportation operating grants and general government revenues of $87,180 and $15,412 respectively, and the receipt of an American Recovery and Reinvestment Act (ARRA) Capital Grant of $10,673. For 2009, the decrease was mainly due to a decrease in transportation operating grant revenue of $55,911.

H. General Fund Budget

The MTC general fund budget was amended by $17 million in increased revenue and approximately $16 million in additional expenditures. The actual revenue-to-expenditure balance for 2010 reflects a small deficit of $259.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2010.

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 94,193	$ 111,132	$ 55,188	$ (55,945)
Expenditures	122,361	138,742	69,392	69,350
Excess/(Deficiency)	(28,168)	(27,610)	(14,204)	13,405
Transfers in	25,943	26,069	13,945	(12,124)
Net change in fund balance	(2,225)	(1,541)	(259)	1,281
Fund balance - beginning	19,725	19,725	19,725	-
Fund balance - ending	$ 17,500	$ 18,184	$ 19,466	$ 1,281

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Actual expenditures were also well below budget because several major programs were budgeted but were not completed during the fiscal year.

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $26,145 for fiscal 2010 and $21,222 for fiscal 2009 as reported under the accrual basis of accounting. Most of the $4,923 increase in fiscal 2010 is due to the capitalization of the new toll collection system that is being developed. Most of the fiscal 2009 increase of $4,161 includes new costs of $2,183 for a new violations system and $1,866 for new call boxes. Additional information on MTC's capital assets is disclosed in Note 4 of the financial statements. Assets relating to the seven state-owned bridges administered by BATA are recorded by Caltrans.

J. Long-Term Debt Administration

BATA issued $1.3 billion of Federally Taxable Build America Bonds (BABs) Toll Revenue Bonds under the American Recovery and Reinvestment Act of 2009. BATA will receive a direct Federal Subsidy payment in the amount equal to 35% of the BABs' interest expense. BATA received its first Federal Subsidy payment in February 2010 of $11,557. BATA terminated its swaps with Ambac in July 2009 for $105 million. The bonds covered by these swaps were subsequently refunded in August 2009.

Component Unit – BAIFA In December 2006, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and assigned its rights to future scheduled payments of $1,135,000 from the State of California to BAIFA. Annual payments to BAIFA are scheduled through year 2014. The amount represents a part of the state's share of the Seismic Retrofit and Replacement Program. In the same month, BAIFA issued State Payment Acceleration Notes (SPANs) of $972,320. BAIFA deposited a portion of the bond proceeds of $887,991 in the project fund for reimbursement to BATA for the seismic project expenses in return for the pledged revenues. BAIFA used the remaining note proceeds for deposit in the Pledged Revenue Fund, Reserve Fund or payment for the cost of issuance. BAIFA has already reimbursed BATA for all the proceeds from the SPANs in the project fund for the costs of seismic retrofit projects. BAIFA also has received $367,000 of the $1,135,000 revenue scheduled to be paid by the state through BATA.

Additional information on MTC's long-term debt can be found in Note 5 of this report.

K. Economic Factors Impacting MTC

The Bay Area economy has been impacted by high unemployment and a record high number of home foreclosures, but retail sales have increased from the prior year. These impacts include:

- A 10.4 percent decrease in sales tax revenue for the combined nine Bay Area counties for fiscal 2010 shows two straight declining years in a row for sales tax revenue. This was preceded by increases in sales tax revenue since fiscal year 2004. Sales tax revenue for fiscal 2011 is projected to be lower than fiscal year 2010.
- The economy continues to show signs of a weak recovery. Home sales are still slow and most mortgage loans are for refinancing.
- Federal authorization could increase MTC's planning funds.
- Unemployment in the Bay Area is a continued concern as it is 10.8 percent as of June 2010.
- The condition of the State of California's budget can potentially have a cash flow impact on MTC.
- Local governments and transit operators also continue to struggle to balance their budgets with lower expected revenue.

Requests for information

This financial report is designed to provide a general overview of the Metropolitan Transportation Commission's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Transportation Commission, 101 8th Street, Oakland, CA 94607.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
ASSETS AND DEFERRED OUTFLOWS				
Cash and cash equivalents - unrestricted	$ 247,501,899	$ 1,419,466,930	$ 1,666,968,829	$ -
Cash and cash equivalents - restricted	41,768,267	187,310,953	229,079,220	142,614,085
Investments - unrestricted	93,037,722	578,448,251	671,485,973	-
Investments - restricted	52,087,090	418,771,035	470,858,125	30,857,307
Receivables:				
Accounts Receivables	155,479	2,662,508	2,817,987	-
Due from Bay Area Toll Authority	-	-	-	546,066,041
Interest	174,232	14,435,084	14,609,316	493,145
State/Caltrans funding	3,828,978	4,888,325	8,717,303	-
Funding due from federal agency	31,285,855	476,655	31,762,510	-
Prepaid items	762,512	542,325	1,304,837	-
Bond issuance costs	-	72,837,271	72,837,271	8,011,028
Loan to other agency	29,000,000	-	29,000,000	-
OPEB Prefunding	7,384,385	-	7,384,385	-
Deferred outflows on derivative instruments	-	263,198,577	263,198,577	-
Derivative instruments - asset	-	10,328,500	10,328,500	-
Capital assets (net of accumulated depreciation)	7,946,217	18,198,837	26,145,054	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	514,932,636	2,991,565,251	3,506,497,887	728,041,606
LIABILITIES AND DEFERRED INFLOWS				
Accounts payable and accrued liabilities	27,478,849	62,154,298	89,633,147	-
Accrued interest payable	-	60,322,464	60,322,464	15,468,666
Security Trade Payable	-	30,000,000	30,000,000	-
Unearned revenue	-	42,198,309	42,198,309	-
Due to Caltrans	-	38,765,314	38,765,314	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	36,990,000	36,990,000	17,020,000
Due in more than one year	-	5,564,437,681	5,564,437,681	768,444,247
Due to / (from) other funds				
Due within one year	8,954,476	(8,954,476)	-	-
Due in more than one year	21,000,000	(21,000,000)	-	-
Due to BAIFA				
Due within one year	-	152,975,580	152,975,580	-
Due in more than one year	-	393,090,461	393,090,461	-
Other noncurrent liabilities				
Due within one year	1,449,686	-	1,449,686	-
Due in more than one year	1,828,756	354,682,318	356,511,074	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	60,711,767	6,705,661,949	6,766,373,716	800,932,913
NET ASSETS / (DEFICIT)				
Invested in capital assets, net of related debt	7,935,616	18,198,837	26,134,453	-
Restricted for:				
Capital projects	423,910,614	-	423,910,614	-
Debt reserve, under debt covenant	-	150,000,000	150,000,000	-
Extraordinary loss reserve, under debt covenant	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	29,000,000	-	29,000,000	-
OPEB Prefund	7,384,385	-	7,384,385	-
STA Reserve	2,734,027	-	2,734,027	-
Other purposes	4,515,294	-	4,515,294	-
Unrestricted	(21,259,067)	(3,932,295,535)	(3,953,554,602)	(72,891,307)
TOTAL NET ASSETS / (DEFICIT)	$ 454,220,869	$(3,714,096,698)	$(3,259,875,829)	$ (72,891,307)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
ASSETS AND DEFERRED OUTFLOWS				
Cash and cash equivalents - unrestricted	$ 157,869,248	$ 1,278,680,265	$ 1,436,549,513	$ -
Cash and cash equivalents - restricted	33,474,213	170,425,911	203,900,124	145,790,186
Investments - unrestricted	71,189,603	304,158,733	375,348,336	7,389,302
Investments - restricted	37,479,064	356,914,890	394,393,954	-
Receivables:				
Accounts and tolls due	3,222,663	2,651,583	5,874,246	-
Due from Bay Area Toll Authority	-	-	-	645,066,041
Interest	480,507	3,783,895	4,264,402	201,910
State/Caltrans funding	22,568,658	5,079,760	27,648,418	-
Federal funding	21,801,933	128,131	21,930,064	-
Prepaid items	593,062	659,561	1,252,623	-
Bond issuance costs	-	51,150,241	51,150,241	9,141,996
Loan to other agency	37,000,000	-	37,000,000	-
OPEB Prefunding	7,384,385	-	7,384,385	-
Deferred outflows on derivative instruments	-	334,053,518	334,053,518	-
Capital assets (net of accumulated depreciation)	8,442,776	12,779,093	21,221,869	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	401,506,112	2,520,465,581	2,921,971,693	807,589,435
LIABILITIES				
Accounts payable and accrued liabilities	51,126,618	51,063,283	102,189,901	-
Accrued interest payable	-	29,040,711	29,040,711	16,157,583
Unearned revenue	-	40,365,033	40,365,033	-
Due to Caltrans	-	84,437,837	84,437,837	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	42,530,000	42,530,000	8,720,000
Due in more than one year	-	4,250,198,871	4,250,198,871	823,109,258
Due to / (from) other funds				
Due within one year	10,483,185	(10,483,185)	-	-
Due in more than one year	29,000,000	(29,000,000)	-	-
Due to BAIFA				
Due within one year	-	99,024,420	99,024,420	-
Due in more than one year	-	546,041,621	546,041,621	-
Other noncurrent liabilities				
Due within one year	1,491,968	-	1,491,968	-
Due in more than one year	1,679,213	415,001,535	416,680,748	-
TOTAL LIABILITIES	93,780,984	5,518,220,126	5,612,001,110	847,986,841
NET ASSETS / (DEFICIT)				
Invested in capital assets, net of related debt	8,392,231	12,779,093	21,171,324	-
Restricted for:				
Capital projects	276,683,298	-	276,683,298	-
RM 2 program reserve	-	93,873,317	93,873,317	-
Debt reserve, under debt covenant	-	150,000,000	150,000,000	-
Extraordinary loss reserve, under debt covenant	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	37,000,000	-	37,000,000	-
OPEB Prefund	7,384,385	-	7,384,385	-
STA Reserve	5,086,117	-	5,086,117	-
Other purposes	3,089,763	-	3,089,763	-
Unrestricted	(29,910,666)	(3,304,406,955)	(3,334,317,621)	(40,397,406)
TOTAL NET ASSETS / (DEFICIT)	$ 307,725,128	$(2,997,754,545)	$(2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2010

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Bay Area Infrastructure Financing Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government	$ 97,259,761	$ -	$ 100,460,127	$ 10,672,699	$ 111,132,826	$ 13,873,065	$ -	$ 13,873,065	$ -
Transportation	54,851,617	-	148,975,842	-	148,975,842	94,124,225	-	94,124,225	-
Total Governmental Activities	152,111,378	-	249,435,969	10,672,699	260,108,668	107,997,290	-	107,997,290	-
Business-type Activities:									
Toll bridge activities	1,266,614,630	481,011,541	120,920,173	-	601,931,714	-	(664,682,916)	(664,682,916)	-
Congestion relief	17,309,069	5,877,350	10,952,027	-	16,829,377	-	(479,692)	(479,692)	-
Total Business-type Activities	1,283,923,699	486,888,891	131,872,200	-	618,761,091	-	(665,162,608)	(665,162,608)	-
Total Primary Government	$ 1,436,035,077	$ 486,888,891	$ 381,308,169	$ 10,672,699	$ 878,869,759	107,997,290	(665,162,608)	(557,165,318)	-
Component Units:									
BAIFA	$ 34,014,910	$ -	$ 1,521,009	$ -	$ 1,521,009				$ (32,493,901)
General Revenues:									
Restricted investment earnings						221,925	-	221,925	-
Unrestricted investment earnings						1,962,684	(14,865,703)	(12,903,019)	-
Transfers						36,313,842	(36,313,842)	-	-
Total General Revenues and Transfers						38,498,451	(51,179,545)	(12,681,094)	-
Change in Net Assets						146,495,741	(716,342,153)	(569,846,412)	(32,493,901)
Net Assets - Beginning						307,725,128	(2,997,754,545)	(2,690,029,417)	(40,397,406)
Net Assets - Ending						$ 454,220,869	$(3,714,096,698)	$(3,259,875,829)	$ (72,891,307)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2009

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Bay Area Infrastructure Financing Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government	$ 86,671,886	$ -	$ 85,047,714	$ -	$ 85,047,714	$ (1,624,172)	$ -	$ (1,624,172)	$ -
Transportation	99,153,429	-	61,795,988	-	61,795,988	(37,357,441)	-	(37,357,441)	-
Total Governmental Activities	185,825,315	-	146,843,702	-	146,843,702	(38,981,613)	-	(38,981,613)	-
Business-type Activities:									
Toll bridge activities	1,299,135,147	486,964,565	46,243,663	-	533,208,228	-	(765,926,919)	(765,926,919)	-
Congestion relief	14,363,137	5,998,475	7,246,653	-	13,245,128	-	(1,118,009)	(1,118,009)	-
Total Business-type Activities	1,313,498,284	492,963,040	53,490,316	-	546,453,356	-	(767,044,928)	(767,044,928)	-
Total Primary Government	$ 1,499,323,599	$ 492,963,040	$ 200,334,018	$ -	$ 693,297,058	(38,981,613)	(767,044,928)	(806,026,541)	-
Component Units:									
BAIFA	$ 35,210,049	$ -	$ 3,541,026	$ -	$ 3,541,026				$ (31,669,023)
General Revenues:									
Restricted investment earnings						783,516	-	783,516	-
Unrestricted investment earnings						5,001,515	149,000	5,150,515	-
Transfers						28,002,792	(28,002,792)	-	-
Total General Revenues and Transfers						33,787,823	(27,853,792)	5,934,031	-
Change in Net Assets						(5,193,790)	(794,898,720)	(800,092,510)	(31,669,023)
Net Assets - Beginning						312,918,918	(2,202,855,825)	(1,889,936,907)	(8,728,383)
Net Assets - Ending						$ 307,725,128	$(2,997,754,545)	$(2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2010

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	$ 7,487,876	$ 11,137,255	$ 179,395,664	$ 278,413	$ 49,202,691	$ 247,501,899
Cash and cash equivalents - restricted	-	-	-	-	41,768,267	41,768,267
Investments - unrestricted	213,469	23,885,538	-	-	68,938,715	93,037,722
Investments - restricted	-	-	-	-	52,087,090	52,087,090
Receivables						
Accounts	155,479	-	-	-	-	155,479
Interest	1,419	9,690	70,246	-	92,877	174,232
State/Caltrans funding	3,173,380	-	-	655,598	-	3,828,978
Federal funding	20,140,156	-	-	11,145,699	-	31,285,855
Due from other funds	10,130,650	-	-	1,679,465	49,030	11,859,145
Prepaid items	762,512	-	-	-	-	762,512
TOTAL ASSETS	$ 42,064,941	$ 35,032,483	$ 179,465,910	$ 13,759,175	$ 212,138,670	$ 482,461,179
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	$ 17,968,388	$ 1,707,595	$ 1,608,152	$ 5,213,896	$ 980,818	$ 27,478,849
Due to other funds	4,630,172	86,241	804,298	6,913,131	379,779	12,813,621
TOTAL LIABILITIES	22,598,560	1,793,836	2,412,450	12,127,027	1,360,597	40,292,470
FUND BALANCES						
Nonspendable:						
Prepaid items	762,513	-	-	-	-	762,513
Restricted for:						
Transportation projects	2,734,027	33,238,647	177,053,460	1,119,417	11,068,077	225,213,628
Rail projects	-	-	-	-	192,649,898	192,649,898
Committed to:						
Benefits reserve	514,681	-	-	-	-	514,681
Building reserve	-	-	-	499,769	-	499,769
Liability reserve	2,738,331	-	-	-	-	2,738,331
Transportation projects	1,708,055	-	-	12,962	7,060,098	8,781,115
Unassigned:						
Unassigned	11,008,774	-	-	-	-	11,008,774
TOTAL FUND BALANCES	19,466,381	33,238,647	177,053,460	1,632,148	210,778,073	442,168,709
TOTAL LIABILITIES AND FUND BALANCES	$ 42,064,941	$ 35,032,483	$ 179,465,910	$ 13,759,175	$ 212,138,670	$ 482,461,179

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
For the Year Ended June 30, 2010

Governmental fund balance	$ 442,168,709
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,946,217
Other Post Employment Benefit (OPEB) Prefund Assets	7,384,385
Capital leases are not due and payable in the current period and therefore are not reported in the funds	(10,601)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(3,267,841)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds	29,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds	(29,000,000)
Net assets of governmental activities	$ 454,220,869

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	$ 16,263,181	$ 21,202,758	$ 60,625,710	$ 899,681	$ 58,877,918	$ 157,869,248
Cash and cash equivalents - restricted	-	-	-	-	33,474,213	33,474,213
Investments - unrestricted	211,505	18,081,582	-	-	52,896,516	71,189,603
Investments - restricted	-	-	-	-	37,479,064	37,479,064
Receivables						
Accounts	240,577	-	2,149,409	-	832,677	3,222,663
Interest	793	17,820	325,000	-	136,894	480,507
State/Caltrans funding	3,279,083	-	19,242,333	47,242	-	22,568,658
Federal funding	13,166,457	-	-	8,635,476	-	21,801,933
Due from other funds	6,939,514	-	-	1,756,466	210,076	8,906,056
Prepaid items	593,062	-	-	-	-	593,062
TOTAL ASSETS	$ 40,694,172	$ 39,302,160	$ 82,342,452	$ 11,338,865	$ 183,907,358	$ 357,585,007
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	$ 17,369,779	$ 5,311,554	$ 23,319,116	$ 4,101,532	$ 1,024,637	$ 51,126,618
Due to other funds	3,599,261	99,751	1,347,040	5,495,453	847,736	11,389,241
TOTAL LIABILITIES	20,969,040	5,411,305	24,666,156	9,596,985	1,872,373	62,515,859
FUND BALANCES						
Nonspendable:						
Prepaid items	593,062	-	-	-	-	593,062
Restricted for:						
Transportation projects	5,086,117	33,890,855	57,676,296	1,229,130	9,969,239	107,851,637
Rail projects	-	-	-	-	166,028,389	166,028,389
Committed to:						
Benefits reserve	1,223,564	-	-	-	-	1,223,564
Building reserve	-	-	-	499,769	-	499,769
Liability reserve	773,368	-	-	-	-	773,368
Transportation projects	1,839,051	-	-	12,981	6,037,357	7,889,389
Unassigned:						
Unassigned	10,209,970	-	-	-	-	10,209,970
TOTAL FUND BALANCES	19,725,132	33,890,855	57,676,296	1,741,880	182,034,985	295,069,148
TOTAL LIABILITIES AND FUND BALANCES	$ 40,694,172	$ 39,302,160	$ 82,342,452	$ 11,338,865	$ 183,907,358	$ 357,585,007

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
For the Year Ended June 30, 2009

Governmental fund balance	$ 295,069,148
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	8,442,776
Other Post Employment Benefit (OPEB) Prefund Asset	7,384,385
Capital leases are not due and payable in the current period and therefore are not reported in the funds	(50,545)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(3,120,636)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds	37,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds	(37,000,000)
Net assets of governmental activities	$ 307,725,128

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2010

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Sales taxes	$ 8,585,151	$ -	$ -	$ 238,830	$ -	$ 8,823,981
Grants - Federal	41,200,347	-	-	22,358,830	-	63,559,177
Grants - State	1,609,771	-	144,121,071	220,194	3,024,806	148,975,842
Local agencies revenues and refunds	3,769,473	-	1,730,000	479,185	40,776,155	46,754,813
Investment income - unrestricted	22,697	58,126	565,668	878	1,315,315	1,962,684
Investment income - restricted	-	-	-	-	221,925	221,925
TOTAL REVENUES	55,187,439	58,126	146,416,739	23,297,917	45,338,201	270,298,422
EXPENDITURES						
Current:						
General government	57,110,712	3,604	-	3,143,246	9,841,975	70,099,537
Allocations to other agencies	12,023,809	11,409,489	26,679,901	-	16,762,227	66,875,426
Capital outlay	257,094	-	-	22,280,646	-	22,537,740
TOTAL EXPENDITURES	69,391,615	11,413,093	26,679,901	25,423,892	26,604,202	159,512,703
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(14,204,176)	(11,354,967)	119,736,838	(2,125,975)	18,733,999	110,785,719
OTHER FINANCING SOURCES (USES)						
Transfers in	17,041,056	10,722,759	3,095,631	2,023,243	11,312,123	44,194,812
Transfers out	(3,095,631)	(20,000)	(3,455,305)	(7,000)	(1,303,034)	(7,880,970)
TOTAL OTHER FINANCING SOURCES (USES)	13,945,425	10,702,759	(359,674)	2,016,243	10,009,089	36,313,842
NET CHANGE IN FUND BALANCES	(258,751)	(652,208)	119,377,164	(109,732)	28,743,088	147,099,561
Fund balances - beginning	19,725,132	33,890,855	57,676,296	1,741,880	182,034,985	295,069,148
Fund balances - ending	$ 19,466,381	$ 33,238,647	$ 177,053,460	$ 1,632,148	$ 210,778,073	$ 442,168,709

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Sales taxes	$ 9,678,324	$ -	$ -	$ 169,489	$ -	$ 9,847,813
Grants - Federal	31,541,171	-	-	9,884,801	-	41,425,972
Grants - State	2,658,926	-	56,142,205	-	2,994,857	61,795,988
Local agencies revenues and refunds	3,423,340	-	343,055	-	30,007,534	33,773,929
Investment income - unrestricted	157,624	622,863	1,452,171	532	2,768,325	5,001,515
Investment income - restricted	-	-	-	-	783,516	783,516
TOTAL REVENUES	47,459,385	622,863	57,937,431	10,054,822	36,554,232	152,628,733
EXPENDITURES						
Current:						
General government	57,672,098	4,005	-	203,306	6,478,379	64,357,788
Allocations to other agencies	7,873,335	14,362,740	80,325,647	-	4,465,042	107,026,764
Capital outlay	186,931	-	-	13,354,897	-	13,541,828
TOTAL EXPENDITURES	65,732,364	14,366,745	80,325,647	13,558,203	10,943,421	184,926,380
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(18,272,979)	(13,743,882)	(22,388,216)	(3,503,381)	25,610,811	(32,297,647)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,783,977	10,881,735	2,047,373	4,194,993	19,775,204	57,683,282
Transfers out	(2,047,373)	-	(24,552,062)	(466,278)	(2,614,777)	(29,680,490)
TOTAL OTHER FINANCING SOURCES (USES)	18,736,604	10,881,735	(22,504,689)	3,728,715	17,160,427	28,002,792
NET CHANGE IN FUND BALANCES	463,625	(2,862,147)	(44,892,905)	225,334	42,771,238	(4,294,855)
Fund balances - beginning	19,261,507	36,753,002	102,569,201	1,516,546	139,263,747	299,364,003
Fund balances - ending	$ 19,725,132	$ 33,890,855	$ 57,676,296	$ 1,741,880	$ 182,034,985	$ 295,069,148

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Years Ended June 30, 2010 and 2009

	2010	2009
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 147,099,561	$ (4,294,855)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period. See Note 1.M.	(491,414)	(412,301)
Proceeds from the sale of capital assets provide financial resources to governmental funds while only the gain on the sale is reported in the statement of activities. Therefore, the change in net assets differ from the change in fund balance by the cost of the capital asset sold or abandoned.	(5,145)	-
Repayment of the principal of the long-term receivable from BART is not recorded as a long term asset in the governmental funds. Loan advances (repayments received) to/from the agency were recorded as expenses (income) in the governmental fund but were capitalized as a long-term asset in the statement of net assets.	(8,000,000)	(5,000,000)
Repayment of Intra-equity loan between MTC and BATA.	8,000,000	5,000,000
Principal repayment on capital leases in an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the statement of net assets. The amount is the effect of the differing treatment of capital lease principal repayment.	39,946	36,296
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Other Post Employment Benefits prefunding	-	(347,480)
Compensated absences	(147,207)	(175,450)
Change in net assets of governmental activities (per Statement of Activities)	$ 146,495,741	$ (5,193,790)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets - Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS			
Cash and cash equivalents - unrestricted	$ 1,411,743,219	$ 7,723,711	$ 1,419,466,930
Cash and cash equivalents - restricted	55,468,219	-	55,468,219
Short-term investments - unrestricted	493,183,551	105,325	493,288,876
Due from MTC	8,271,732	4,121,819	12,393,551
Accounts receivable	2,661,554	954	2,662,508
Accrued interest	14,434,762	322	14,435,084
Prepaid expenses	451,500	90,825	542,325
State/Caltrans funding	1,091,967	3,796,358	4,888,325
Funding due from federal agency	-	476,655	476,655
Total current assets	1,987,306,504	16,315,969	2,003,622,473
Non-current assets:			
Investments - unrestricted	85,159,375	-	85,159,375
Cash and cash equivalents - restricted	131,842,734	-	131,842,734
Investments - restricted	418,771,035	-	418,771,035
Due from MTC	21,000,000	-	21,000,000
Deferred outflows on derivative instruments	263,198,577	-	263,198,577
Derivative instruments - asset	10,328,500	-	10,328,500
Bond issuance costs	72,837,271	-	72,837,271
Capital assets, net of accumulated depreciation/amortization	14,207,717	3,991,120	18,198,837
Total non-current assets and deferred outflows	1,017,345,209	3,991,120	1,021,336,329
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,004,651,713	20,307,089	3,024,958,802
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	59,566,270	1,655,763	61,222,033
Accrued interest payable	60,322,464	-	60,322,464
Security Trade Payable	30,000,000	-	30,000,000
Due to MTC	3,374,161	64,914	3,439,075
Unearned revenue	42,198,309	-	42,198,309
Retentions payable	932,265	-	932,265
Long-term debt - current	36,990,000	-	36,990,000
Due to Caltrans	38,765,314	-	38,765,314
Due to Bay Area Infrastructure Financing Authority	152,975,580	-	152,975,580
Total current liabilities	425,124,363	1,720,677	426,845,040
Non-current liabilities:			
Patron deposits	4,588,401	-	4,588,401
Due to Bay Area Infrastructure Financing Authority	393,090,461	-	393,090,461
Long-term debt, net	5,564,437,681	-	5,564,437,681
Deferred inflows on derivative instruments	10,328,500	-	10,328,500
Derivative instruments - liability	339,765,417	-	339,765,417
Total non-current liabilities	6,312,210,460	-	6,312,210,460
TOTAL LIABILITIES AND DEFERRED INFLOWS	6,737,334,823	1,720,677	6,739,055,500
NET ASSETS / (DEFICIT)			
Invested in capital assets, net of related debt	14,207,717	3,991,120	18,198,837
Restricted for:			
Debt reserve, under debt covenant	150,000,000	-	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	-	50,000,000
Unrestricted net assets	(3,946,890,827)	14,595,292	(3,932,295,535)
TOTAL NET ASSETS / (DEFICIT)	$(3,732,683,110)	$ 18,586,412	$(3,714,096,698)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets - Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS AND DEFERRED OUTLFOWS			
Current assets:			
Cash and cash equivalents - unrestricted	$ 1,267,424,760	$ 11,255,505	$ 1,278,680,265
Cash and cash equivalents - restricted	53,702,557	-	53,702,557
Short-term investments - unrestricted	187,054,378	104,355	187,158,733
Due from MTC	8,000,000	3,014,612	11,014,612
Accounts receivable	2,030,575	5,000	2,035,575
Accrued interest	3,782,756	1,139	3,783,895
Prepaid expenses	581,881	77,680	659,561
State/Caltrans funding	1,354,747	3,725,013	5,079,760
Funding due from local agency	616,008	-	616,008
Funding due from federal agency	-	128,131	128,131
Total current assets	1,524,547,662	18,311,435	1,542,859,097
Non-current assets:			
Investments - unrestricted	117,000,000	-	117,000,000
Cash and cash equivalents - restricted	116,723,354	-	116,723,354
Investments - restricted	356,914,890	-	356,914,890
Due from MTC	29,000,000	-	29,000,000
Deferred outflows on derivative instruments	334,053,518	-	334,053,518
Bond issuance costs	51,150,241	-	51,150,241
Capital assets, net of accumulated depreciation/amortization	8,311,027	4,468,066	12,779,093
Total non-current assets and deferred outflows	1,013,153,030	4,468,066	1,017,621,096
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,537,700,692	22,779,501	2,560,480,193
LIABILITIES			
Current liabilities:			
Accounts payable	48,466,639	1,940,381	50,407,020
Accrued interest payable	29,040,711	-	29,040,711
Due to MTC	531,427	-	531,427
Unearned revenue	40,365,033	-	40,365,033
Retentions payable	525,884	130,379	656,263
Long-term debt - current	42,530,000	-	42,530,000
Due to Caltrans	84,437,837	-	84,437,837
Due to Bay Area Infrastructure Financing Authority	99,024,420	-	99,024,420
Total current liabilities	344,921,951	2,070,760	346,992,711
Non-current liabilities:			
Patron deposits	3,941,108	-	3,941,108
Due to Bay Area Infrastructure Financing Authority	546,041,621	-	546,041,621
Long-term debt, net	4,250,198,871	-	4,250,198,871
Derivative instruments - fair value	411,060,427	-	411,060,427
Total non-current liabilities	5,211,242,027	-	5,211,242,027
TOTAL LIABILITIES	5,556,163,978	2,070,760	5,558,234,738
NET ASSETS / (DEFICIT)			
Invested in capital assets, net of related debt	8,311,027	4,468,066	12,779,093
Restricted for:			
RM 2 program reserve	93,873,317	-	93,873,317
Debt reserve, under debt covenant	150,000,000	-	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	-	50,000,000
Unrestricted net assets	(3,320,647,630)	16,240,675	(3,304,406,955)
TOTAL NET ASSETS / (DEFICIT)	$(3,018,463,286)	$ 20,708,741	$(2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES			
Toll revenues collected	$ 466,085,582	$ -	$ 466,085,582
Department of Motor Vehicles registration fees	-	5,877,350	5,877,350
Other operating revenues	14,925,959	-	14,925,959
TOTAL OPERATING REVENUES	481,011,541	5,877,350	486,888,891
OPERATING EXPENSES			
Operating expenses incurred by Caltrans	27,225,850	-	27,225,850
Towing contracts	-	8,477,792	8,477,792
Professional fees	31,549,310	1,394,922	32,944,232
Allocations to other agencies	28,057,784	-	28,057,784
Salaries and benefits	6,465,626	968,737	7,434,363
Repairs and maintenance	30,087	1,069,419	1,099,506
Communications charges	22,779	287,384	310,163
Depreciation and amortization	1,096,872	358,293	1,455,165
Other operating expenses	11,312,479	678,513	11,990,992
TOTAL OPERATING EXPENSES	105,760,787	13,235,060	118,995,847
OPERATING INCOME (LOSS)	375,250,754	(7,357,710)	367,893,044
NONOPERATING REVENUES (EXPENSES)			
Investment income (charge)	(14,874,294)	8,591	(14,865,703)
Build America Bonds (BABs) interest subsidy	18,681,136	-	18,681,136
Interest expense	(224,821,145)	-	(224,821,145)
Loss on swap termination	(80,587,911)	-	(80,587,911)
Financing fees	(14,740,035)	-	(14,740,035)
Other non-operating expense	(2,242,851)	-	(2,242,851)
Caltrans/other agency operating grants	102,239,037	6,893,037	109,132,074
Federal operating grants	-	4,058,990	4,058,990
Distributions to other agencies for their capital purposes	(155,403,666)	(152,648)	(155,556,314)
Distributions to Caltrans for their capital purposes	(683,058,235)	(3,766,860)	(686,825,095)
Loss on abandonment of equipment	-	(154,501)	(154,501)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,054,807,964)	6,886,609	(1,047,921,355)
INCOME (LOSS) BEFORE TRANSFERS	(679,557,210)	(471,101)	(680,028,311)
TRANSFERS			
Transfers to Metropolitan Transportation Commission	(35,772,614)	(1,651,228)	(37,423,842)
Transfer from Metropolitan Transportation Commission	1,110,000	-	1,110,000
TOTAL TRANSFERS	(34,662,614)	(1,651,228)	(36,313,842)
CHANGE IN NET ASSETS	(714,219,824)	(2,122,329)	(716,342,153)
Total net assets / (deficit) - beginning	(3,018,463,286)	20,708,741	(2,997,754,545)
Total net assets / (deficit) - ending	$(3,732,683,110)	$ 18,586,412	$(3,714,096,698)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES			
Toll revenues collected	$ 470,136,376	$ -	$ 470,136,376
Department of Motor Vehicles registration fees	-	5,998,475	5,998,475
Other operating revenues	16,828,189	-	16,828,189
TOTAL OPERATING REVENUES	486,964,565	5,998,475	492,963,040
OPERATING EXPENSES			
Operating expenses incurred by Caltrans	28,609,482	-	28,609,482
Towing contracts	-	8,764,626	8,764,626
Professional fees	27,378,953	1,618,387	28,997,340
Allocations to other agencies	28,341,977	-	28,341,977
Salaries and benefits	5,986,583	957,832	6,944,415
Repairs and maintenance	2,548	1,036,045	1,038,593
Communications charges	1,734	263,691	265,425
Depreciation and amortization	759,887	284,654	1,044,541
Other operating expenses	10,491,391	705,102	11,196,493
TOTAL OPERATING EXPENSES	101,572,555	13,630,337	115,202,892
OPERATING INCOME (LOSS)	385,392,010	(7,631,862)	377,760,148
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,699	128,301	149,000
Interest expense	(197,742,351)	-	(197,742,351)
Financing fees	(14,441,725)	-	(14,441,725)
Other non-operating expense	(2,332,921)	-	(2,332,921)
Cal trans/other agency operating grants	46,243,663	6,481,541	52,725,204
Federal operating grants	-	765,112	765,112
Distributions to other agencies for their capital purposes	(132,770,459)	-	(132,770,459)
Distributions to Caltrans for their capital purposes	(850,275,136)	(732,800)	(851,007,936)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,151,298,230)	6,642,154	(1,144,656,076)
INCOME (LOSS) BEFORE TRANSFERS	(765,906,220)	(989,708)	(766,895,928)
TRANSFERS			
Transfers to Metropolitan Transportation Commission	(27,208,672)	(2,054,120)	(29,262,792)
Transfer from Metropolitan Transportation Commission	1,260,000	-	1,260,000
Transfer between programs	(761,000)	761,000	-
TOTAL TRANSFERS	(26,709,672)	(1,293,120)	(28,002,792)
CHANGE IN NET ASSETS	(792,615,892)	(2,282,828)	(794,898,720)
Total net assets / (deficit) - beginning	(2,225,847,394)	22,991,569	(2,202,855,825)
Total net assets / (deficit) - ending	$(3,018,463,286)	$ 20,708,741	$(2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 468,763,624	$ 5,877,350	$ 474,640,974
Cash payments to Caltrans, suppliers and employees for services	(99,254,565)	(12,902,637)	(112,157,202)
Other receipts/(payments)	18,318,627	(1,021,125)	17,297,502
Net cash provided by / (used in) operating activities	387,827,686	(8,046,412)	379,781,274
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	102,026,593	6,826,692	108,853,285
Proceeds from issuance of revenue bonds	2,059,476,963	-	2,059,476,963
Build America Bonds interest subsidy	11,556,974	-	11,556,974
Interest paid on bonds	(194,413,833)	-	(194,413,833)
Financing fees	(14,704,395)	-	(14,704,395)
Payment to refund bonds	(776,405,000)	-	(776,405,000)
Federal operating grants	-	3,710,466	3,710,466
Transfers to MTC/SAFE	(35,379,687)	(1,672,396)	(37,052,083)
Due from MTC/SAFE	8,000,000	-	8,000,000
Bond principal payments	(35,345,000)	-	(35,345,000)
Distributions to Caltrans	(691,212,549)	(4,047,150)	(695,259,699)
Distributions to other agencies	(147,798,424)	(152,648)	(147,951,072)
Due to BAIFA	(99,000,000)	-	(99,000,000)
Net cash provided by non-capital financing activities	186,801,642	4,664,964	191,466,606
Cash flows from capital and related financing activities			
Acquisition of capital assets	(7,851,016)	(158,784)	(8,009,800)
Net cash (used in) capital and related financing activities	(7,851,016)	(158,784)	(8,009,800)
Cash flows from investing activities			
Proceeds from maturities of investments	6,446,144,916	12,499,034	6,458,643,950
Purchase of investments	(6,752,763,889)	(12,499,967)	(6,765,263,856)
Interest and dividends received	5,624,062	9,371	5,633,433
Payment on swap termination	(104,579,900)	-	(104,579,900)
Net cash provided by / (used in) investing activities	(405,574,811)	8,438	(300,986,473)
Net increase / (decrease) in cash and cash equivalents	161,203,501	(3,531,794)	262,251,607
Balances - beginning of year	1,437,850,671	11,255,505	1,449,106,176
Balances - end of year	$ 1,599,054,172	$ 7,723,711	$ 1,711,357,783

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds, *continued*
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 375,250,754	$ (7,357,710)	$ 367,893,044
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	1,096,872	358,293	1,455,165
Net effect of changes in:			
Due to/from MTC	3,129,888	(1,021,125)	2,108,763
Due from State/Federal	262,780	-	262,780
Accounts receivable	197,473	(954)	196,519
Prepaid expenses and other assets	134,421	(14,844)	119,577
Due to Caltrans	398,198	-	398,198
Unearned revenue	1,833,276	-	1,833,276
Patron deposits	647,293	-	647,293
Accounts payable and accrued expenses	4,876,731	(10,072)	4,866,659
Net cash provided by / (used in) operating activities	$ 387,827,686	$ (8,046,412)	$ 379,781,274
Significant Noncash financing, capital, and investing activities			
Caltrans and local agency operating grants	$ 828,452	$ 3,796,358	
Federal operating grants	-	476,655	
Build America Bonds (BABs) interest subsidy	7,124,162	-	
Interest expense on bonds	60,322,463	-	
Bond issuance costs, net of amortization	14,622,923	-	
Bond premium/discount, net of amortization	34,524,556	-	
Deferred charged from refunding, net of amortization	9,862,662	-	
Transfer to Caltrans for their capital purposes	76,785,275	490,361	
Transfer to other agencies for their capital purposes	47,886,816	-	
Interest on investments	7,310,601	-	
Purchase of investments	30,000,000	-	

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 473,806,522	$ 5,998,475	$ 479,804,997
Cash payments to Caltrans, suppliers and employees for services	(116,692,993)	(13,509,816)	(130,202,809)
Other receipts/(payments)	16,690,932	(1,681,629)	15,009,303
Net cash provided by / (used in) operating activities	373,804,461	(9,192,970)	364,611,491
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	45,910,877	5,544,342	51,455,219
Proceeds from issuance of revenue bonds	687,800,631	-	687,800,631
Interest paid on bonds	(197,139,638)	-	(197,139,638)
Financing fees	(14,587,946)	-	(14,587,946)
Payment for refunding of bonds	(657,100,000)	-	(657,100,000)
Federal operating grants	-	917,327	917,327
Transfers to MTC/SAFE	(26,130,766)	-	(26,130,766)
Due from MTC/SAFE	5,250,000	-	5,250,000
Bond principal payments	(40,865,000)	-	(40,865,000)
Distributions to Caltrans	(840,545,685)	-	(840,545,685)
Distributions to other agencies	(119,207,331)	-	(119,207,331)
Due to BAIFA	(43,000,000)	-	(43,000,000)
Net cash provided by / (used in) non-capital financing activities	(1,199,614,858)	6,461,669	(1,193,153,189)
Cash flows from capital and related financing activities			
Transfer between program	(761,000)	761,000	-
Acquisition of capital assets	(2,720,378)	(1,872,525)	(4,592,903)
Net cash (used in) capital and related financing activities	(3,481,378)	(1,111,525)	(4,592,903)
Cash flows from investing activities			
Proceeds from maturities of investments	7,924,943,389	15,453,990	7,940,397,379
Purchase of investments	(7,977,787,742)	(15,456,633)	(7,993,244,375)
Interest and dividends received	41,138,634	140,714	41,279,348
Net cash provided by / (used in) investing activities	(11,705,719)	138,071	(11,567,648)
Net (decrease) in cash and cash equivalents	(840,997,494)	(3,704,755)	(844,702,249)
Balances - beginning of year	2,278,848,165	14,960,260	2,293,808,425
Balances - end of year	$ 1,437,850,671	$ 11,255,505	$ 1,449,106,176

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds, *continued*
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 385,392,010	$ (7,631,862)	$ 377,760,148
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	759,887	284,654	1,044,541
Net effect of changes in:			
Due to / from MTC	14,072	(1,614,033)	(1,599,961)
Due from State / Federal	(151,329)	(67,596)	(218,925)
Accounts receivable	41,172	120	41,292
Prepaid expenses and other assets	65,862	(18,851)	47,011
Due to Caltrans	(2,377,757)	-	(2,377,757)
Due from BAIFA	(24,420)	-	(24,420)
Unearned revenue	2,933,942	-	2,933,942
Patron deposits	719,452	-	719,452
Accounts payable and accrued expenses	(13,568,430)	(145,402)	(13,713,832)
Net cash provided by / (used in) operating activities	$ 373,804,461	$ (9,192,970)	$ 364,611,491
Significant Noncash financing, capital, and investing activities			
Caltrans and local agency operating grants	$ 616,008	$ 3,725,013	
Federal operating grants	-	128,131	
Interest expense on bonds	29,040,711	-	
Bond issuance costs, net of amortization	13,029,434	-	
Bond premium and discount, net of amortization	866,272	-	
Deferred charged from refunding, net of amortization	47,114,259	-	
Transfers to Caltrans for their capital purposes	84,939,589	770,651	
Transfers to other agencies for their capital purposes	40,281,574	-	
Purchase of capital assets, net of disposal	1,239,337	-	
Interest on investments	3,782,756	-	

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 65,863,144	$ 72,209,970
Receivables - interest	28,072	80,101
TOTAL ASSETS	$ 65,891,216	$ 72,290,071
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,917,349	$ 6,310,178
Due to other governments	61,973,867	65,979,893
TOTAL LIABILITIES	$ 65,891,216	$ 72,290,071

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Metropolitan Transportation Commission (MTC) was established under Government Code Section 66500 et seq. the laws of the State of California (State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

The MTC's principal sources of revenue to fund its governmental operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area Counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenue susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and it's discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Its governing board is separately appointed and it is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board. The blended component units, although legally separate entities are, in substance, part of the MTC's operations and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The Commission serves as the governing body for MTC and all its blended component units.

MTC has one discretely presented component unit – Bay Area Infrastructure Financing Authority (BAIFA). As such, BAIFA is presented in a separate column on the face of the government-wide financial statements on the far right column.

Blended component units

i.) Bay Area Toll Authority

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998 with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These responsibilities also include administration of the Regional Measure 1 (RM 1) capital improvement program approved by the voters in 1988. The bridges for which BATA manages the disposition of toll revenues are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

Pursuant to Senate Bill 226, a five year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The current ten-year agreement was signed in 2006.

Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. Under the terms of the Cooperative Agreement, BATA has responsibility for electronic toll collection. BATA's FasTrak® Center consolidated its operations to include Golden Gate Bridge Highway and Transportation District on May 30, 2005.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for RM 1 projects as required by the Streets and Highway Code. With the concurrence of Caltrans, the plan gives first priority to projects and expenditures that are deemed necessary by Caltrans to preserve and protect the bridges as provided by the Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

In March 2004, seven Bay Area counties approved Regional Measure 2 (RM 2). RM 2 increased the bridge toll by one dollar for all seven bridges in order to fund various capital and operating programs for congestion relief. BATA controls the RM 2 allocations. This dollar surcharge became effective July 1, 2004.

The California State Legislature approved Assembly Bill (AB) 144 on July 18, 2005, which transferred additional Caltrans responsibilities to BATA, namely toll plaza administration responsibility. This responsibility includes consolidation of all the bridge revenue, including the state seismic dollar for the seven bridges, under BATA's administration. The state seismic dollar was formerly administered by Caltrans to be used to complete the Seismic Retrofit Program. AB 144 also created a new seismic project oversight board, called the Toll Bridge Project Oversight Committee. This Committee consists of Caltrans, BATA, and the California Transportation Commission. This Committee has oversight for the state toll bridge seismic retrofit program, which includes reviewing bid documents, change orders, and monitoring ongoing costs. The bill also gave BATA unlimited project level toll revenue setting authority to complete the Seismic Retrofit Program. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is collateralized solely by toll revenue as more fully described in Note 5 Bond Covenants.

ii.) MTC Service Authority for Freeways and Expressways (MTC SAFE)

In June 1988, the MTC SAFE was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2500 et seq., which permits the collection of up to $1 per registered vehicle in participating counties. These fees represent charges for services rendered to external users. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, the MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between the MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state-legislated grants, federal grants, and funding from federal traffic mitigation programs. In addition, the Call Box program supports the FSP program by transferring funds each year.

The management of the MTC SAFE has contracted with the MTC to utilize the administrative personnel and facilities of the MTC at no cost.

iii.) MTC General Revenue Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

iv.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

Major Funds

AB 664 Net Toll Revenue Reserve Fund – These funds are allocated, seventy percent to East Bay and thirty percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern Bay Area bridges, including transbay and transbay feeder transit services. Substantially, all of the current AB 664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and agency capital facility improvement. Under Section 30884 (a) of the Streets and Highway Code, the AB 664 Net Toll Revenue Fund receives 16 percent of the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bridge, Dumbarton Bridge, and San Mateo-Hayward Bridge.

State Transit Assistance (STA) Fund – State Transit Assistance Funds are used for transit and Paratransit operating assistance, transit capital projects, and regional transit coordination. STA funds are derived from the state sales tax on fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines population-based funds and PUC Section 99314 defines revenue-based funds.

Non-major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to RM 1, which was amended in 1988. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highway Code as one third of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC for ferry operations and other transit/bicycle projects.

Rail Reserve Fund – Rail reserve extension funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. Seventy percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements. Under Section 30914 (a.4) of the Streets and Highway Code, the rail reserve fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs by Commission resolution and as such have limited restrictions on these funds.

BART Car Exchange Fund – Funds deposited are restricted for the purpose of the BART car replacement projects. MTC and BART established funding exchange program whereby MTC will program Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for the BART car fleet replacement project scheduled to begin in 2013.

Feeder Bus Fund – Funds deposited are to reimburse various transit operators for operating the BART Express Bus Program and come from local agency grants.

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant, a grant funded by Proposition 1B Regional Transit Connectivity Program funds. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal years 2010 and 2009.

v.) MTC Capital Projects Fund

MTC Capital Projects Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets. The TransLink project, the MTC MetroCenter Seismic Retrofit project, and the Urban Partnership project are the capital projects included in the current fiscal year.

vi.) MTC Fiduciary Funds

MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent. These agency funds are custodial in nature and do not have a measurement of results of operations. They are on the accrual basis of accounting.

AB 1107 Fund – BART Half-Cent Sales Tax (AB 1107) funds are used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

Transportation Development Act (TDA) Program fund – Funds are used to account for the activities of the TDA Program. In accordance with state regulations and memoranda of understanding with operators and local municipalities, MTC is responsible for the administration of sales tax revenue derived from the TDA.

Discretely presented component unit

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. It can also be an organization whose relationship with the primary government is such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. MTC has one discretely presented component unit, BAIFA.

i.) Bay Area Infrastructure Financing Authority

BAIFA was established in August 2006 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to MTC and BATA, where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. The governing board of BAIFA consists of four MTC Commissioners and two BATA Commissioners. BAIFA is authorized to plan projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States and from the state of California and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 14, *The Financial Reporting Entity.* Requests for separately issued financial statement for BAIFA should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 8th Street, CA 94607.

B. <u>Government-Wide and Fund Financial Statements</u>

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

MTC presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

With respect to the business-type activities of MTC and as required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, MTC continues to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. MTC has elected under GASB Statement No. 20 not to apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of MTC's operations.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent-multiple other postemployment benefit (OPEB). The requirements in this Statement will allow more agent employers to use the alternatives measurement method to produce actuarially base information for purposes of financial reporting. This standard was issued in December 2009 and is effective for periods beginning after June 15, 2011.This standard will not have any effect on the financial statements.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies,* which provides accounting and financial reporting guidance for government that have petitioned for protection from creditors by filling for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will improve financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for government that file for Chapter 9 bankruptcy. In addition, these requirements will provide financial statement users with better information regarding the effect of bankruptcy upon government that file for Chapter 9 petition. This standard was issued in December 2009 and is effective for period beginning after June 15, 2009. This standard did not have any effect on the financial statements.

GASB Statement No. 59, *Financial Instruments Omnibus,* updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pool for which improve financial reporting by providing more complete information, by providing consistency of measurements, and by providing clarifications of existing standards. This standard was issued in June 2010 and is effective for the period beginning after June 15, 2010. This standard is not expected to have a material effect on the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. All revenue sources included in the governmental funds, namely federal, state and local grants as well as sales tax revenue, utilize this revenue recognition methodology.

In fiscal 2010 and 2009, the following funds are considered non-major: the Transit Reserve Fund, the Rail Reserve Fund, the Exchange Fund, the BART Car Exchange, the Feeder Bus Fund, and the Prop 1B Fund. Since these funds did not meet the major fund test, management has included them in Non-Major Governmental Funds, with the exception of AB 664 Net Toll Revenue Reserves Fund, which MTC has elected to present as a major fund in order to provide consistent presentation with prior years.

In fiscal 2010 and 2009, the following funds are considered major governmental funds: MTC General Fund, AB 664 Net Toll Revenue Reserves Fund, STA Fund, and Capital Projects. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

D. Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that MTC approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life of project budget whenever new capital projects are approved. MTC presents a preliminary budget in May and a final budget in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

MTC employs the following practices and procedures in establishing budgetary data as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.

- Annual budgets are adopted on the accrual basis for the proprietary fund types.

E. Encumbrances

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the General and Capital Project funds are classified as committed and are included in the "transportation projects" category. These encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements, and are summarized as follows:

	2010	2009
General Fund	$ 1,708,055	$ 1,839,051
AB 664 Net Toll Revenue	32,572,550	32,179,306
State Transit Assistance Fund	5,859,335	14,082,505
Non-major Governmental Funds	39,890,582	40,758,637
Capital	12,962	12,981

F. Net Assets

Net assets / (deficit), presented in the government-wide proprietary fund financial statements, represent residual interest in assets after liabilities are deducted. MTC net assets / (deficit) consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets / (deficit) are reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Restricted net assets consist of amounts restricted for capital projects and other purposes as follows:

	2010	2009
Capital Projects	$ 423,910,614	$ 276,683,298
Other Purposes:		
RM 2 program	-	93,873,317
Debt reserve - under debt covenant	150,000,000	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	50,000,000
Long-term receivable restricted for rail projects	29,000,000	37,000,000
OPEB Prefunding	7,384,385	7,384,385
STA	2,734,027	5,086,117
Other	4,515,294	3,089,763
Total Other Purposes	$ 243,633,706	$ 346,433,582

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2008, MTC categorized fund balances in the Balance Sheet - Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. MTC evaluated each of its funds at June 30, 2010 and June 30, 2009 and classified fund balances into the following five categories:

- Nonspendable - items that cannot be spent because they are not in spendable form, such as prepaid items are reported in the general fund.
- Restricted - items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB664 toll revenue, STA, BART car exchange, Transit reserve, Feeder Bus and Rail reserve funds.
- Committed - items that have been committed by formal action by the entity's "highest level of decision-making authority"; which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund, capital projects fund and the exchange fund in establishing the benefits reserve, building reserve and professional services reserve.
- Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. There are no such restrictions on MTC's fund balances.
- Unassigned - this category is for any balances that have no restrictions placed upon them.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2010 and June 30, 2009 and provided additional information with respect to the purpose of each fund (see Note 1.A.). For MTC, this evaluation did not result in a reclassification of funds within the governmental fund types for fiscal years 2010 and 2009.

H. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. MTC reports its money market investments and participating interest-earning investment contracts at amortized cost. This is permissible under this standard provided those investments have a remaining maturity at time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenditures and Changes in Net Assets for the proprietary funds. Accounting for derivative investments is described in Note 1.P.

MTC invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords the MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments allowed under the MTC investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Bankers' acceptances
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "AAA"
- Other investment types authorized by state law and not prohibited in the MTC investment policy

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, MTC considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash and cash equivalents as they are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. Deposits in the cash management pool of the County of Alameda are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal.

Variable rate demand obligations (VRDOs) are also presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at anytime with seven days notice and there is no significant risk of principal.

Restricted Cash

Certain cash is restricted as these assets are either advances used for a specific purpose with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak® program, or funds restricted for debt service.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Assets because their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

I. Capital Assets

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost. MTC's intangible assets consist of internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	10 - 45
Office furniture and equipment	3 - 10
Intangible assets	5 - 7
Leased equipment	5
Automobiles	3
Callboxes	10

J. Retirement Plans

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the Public Employees' Retirement System (CalPERS). CalPERS provides an actuarial determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by

MTC. These costs are included in salaries and benefits expense. For additional information on MTC's retirement plan, refer to Note 8.

K. Postemployment Healthcare Benefits

MTC pays certain health care insurance premiums for retired employees. These costs are not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. The annual required contribution is recorded in salaries and benefits. See Note 9 for further detail on the cost and obligations associated with these other postemployment benefits (OPEB).

L. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. The compensated absences liability presented in the government-wide governmental activities totals $3,267,841 and $3,120,636 at June 30, 2010 and 2009, respectively. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave per employee from the general fund.

A summary of changes in compensated absences for the year ended June 30, 2010 is as follows:

	Beginning Balance July 1,2009	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
Compensated Absences	$ 3,120,636	$ 2,031,169	$ (1,883,964)	$ 3,267,841	$ 1,439,087

A summary of changes in compensated absences for the year ended June 30, 2009 is as follows:

	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
Compensated Absences	$ 2,945,185	$ 2,065,164	$ (1,889,713)	$ 3,120,636	$ 1,434,585

M. Reconciliation of government-wide and fund financial statements

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balance – total governmental funds and Changes in net assets of governmental activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the $(491,414) and $(412,301) difference for fiscal 2010 and 2009 are as follows:

	2010	2009
Capital outlay	$ 257,096	$ 339,180
Depreciation expense	(748,510)	(751,481)
Net adjustment to increase Net changes in fund balances-total governmental funds to arrive at Change in net assets of governmental activities	$ (491,414)	$ (412,301)

N. Pledged Revenue to Bay Area Infrastructure Financing Authority

In December 2006, BATA entered into a contribution agreement with the state of California whereby BATA pledged to transfer the state's future scheduled payments designated for the Toll Bridge Seismic Retrofit Program to BAIFA. BAIFA issued $972,320,000 of bonds called State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge of state payments. BAIFA agreed to apply the proceeds from the SPANs for the costs of issuance and for the seismic retrofit program. The scheduled payments are identified and authorized by state statutes. State payments pledged by BATA total $1,135,000,000. Pledged state payments are scheduled from fiscal years 2007 to 2014. In the contribution agreement, BATA pledged and assigned to BAIFA all BATA's rights to the future state payments.

In fiscal year 2010, the amount of pledged payments from the state received by BATA and paid to BAIFA was $99,000,000.

The accounting for the above transactions are prescribed by GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues,* which establishes criteria to ascertain whether proceeds derived from an exchange of an interest in expected cash flows from specific receivables or specific future revenues for immediate cash payments be reported as revenue or as collateralized borrowing. BATA adopted this pronouncement early for fiscal 2007 and as a result reported the exchange of the SPAN proceeds for the interest in expected future cash flow from Caltrans as collateralized borrowing by BATA and a receivable by BAIFA.

O. Unearned Revenue

The unearned revenue in BATA represents the funds collected by the Regional Customer Service Center (RCSC) that are prepayments for tolls or represents a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Patrons are required to contribute a deposit if they pay by check.

P. Derivative Instruments

Derivative instruments used by BATA are swap contracts that have a variable or fixed payment based on the price of an underlying interest rate or index. Hedging derivative instruments are used to reduce financial risks, such as offsetting increases in interest costs, by offsetting changes in cash flows of the debt, the hedged item. These derivative instruments are evaluated to determine if the derivative instrument is effective in significantly reducing the identified financial risk at year end. If the derivative instrument is determined to be an effective hedge, its fair value is an asset or liability with a corresponding deferred outflow or inflow on the Statement of Net Assets. Deferred outflow or inflow constitutes changes in fair value of effectively hedged derivative instruments. This account is neither an asset nor a liability. If the derivative instrument is determined to be an ineffective hedge or when there is no hedgeable item, the derivative instrument is considered to be an investment derivative; its fair value is an asset or liability on the Statement of Net Assets and the change in fair value is recognized against investment revenue in the Statement of Activities. See additional discussion in Note 5.

Q. Toll Revenues Collected

After tolls are collected by Caltrans and transferred to BATA at the toll plazas, BATA accounts for the cash collected from the operation of the bridges as revenue and has a responsibility for electronic toll collection. The revenues are used for RM 1, RM 2 and Seismic retrofit programs. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

R. Operating Expenditures Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenditures. These expenses include maintenance, administration, operations, and overhead costs.

S. Investment Income

Investment income (charge) is comprised of interest income from investments and the changes in the fair value of investment derivative instruments. The investment derivative component is the result of the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the change in fair value of the derivative instruments which no longer have an underlying item to hedge be reported in investment income. The following table shows the breakdown of investment income for the fiscal years ended June 30, 2010 and 2009:

	Governmental Activities	BATA	SAFE	Total Business-type Activities	Total 2010	Total 2009
Investment income	$ 2,184,609	$ 8,677,626	$ 8,591	$ 8,686,217	$ 10,870,826	$ 44,653,186
Investment derivative	-	(23,551,920)	-	(23,551,920)	(23,551,920)	(38,719,155)
	$ 2,184,609	$ (14,874,294)	$ 8,591	$ (14,865,703)	$ (12,681,094)	$ 5,934,031

T. Distributions to Caltrans for Their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are reflected to the extent Caltrans bills are presented to MTC that relate to the period through the end of the fiscal year.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. Build America Bonds Interest Subsidy

The interest subsidy on the BABs was $18,681,136 for fiscal 2010. Of this amount, $7,124,163 is included as a year end accrual. The federal government makes a semiannual payment.

W. Operating and Non-operating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Non-operating revenues and expenses are all others revenues and expenses not related to user service activities.

2. UNRESTRICTED NET ASSET DEFICIT

MTC's unrestricted net asset deficit arises in its business type and governmental activities. For the business type activities, BATA is responsible for providing Caltrans funding for bridge repairs related to the seven state-owned bridges. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed. For the governmental activities, MTC has a long term payable to BATA. As it makes annual payments to BATA, the unrestricted net asset deficit will be reduced by the payments until the liability is paid off.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. A summary of Cash, Cash Equivalents and Investments as shown on the Statement of Net Assets for all funds at June 30, 2010 and 2009 is as follows:

	2010	2009
Unrestricted cash and cash equivalents	$ 1,666,968,829	$ 1,436,549,513
Unrestricted investments	671,485,973	375,348,336
Total unrestricted cash, cash equivalents and investments	2,338,454,802	1,811,897,849
Restricted cash and cash equivalents	229,079,220	203,900,124
Restricted investments	470,858,125	394,393,954
Total restricted cash, cash equivalents and investments	699,937,345	598,294,078
Total cash, cash equivalents and investments	$ 3,038,392,147	$ 2,410,191,927

The details of restricted cash, cash equivalents and investments are as follows:

		2010		2009
FasTrak® program	$	47,063,663	$	44,594,290
Escrow account		42,593		15,739
Operations & maintenance reserve		150,000,000		150,000,000
Debt service reserve		358,975,732		282,730,772
Extraordinary loss reserve		50,000,000		50,000,000
BART car replacement project		93,855,357		70,953,277
Total restricted cash, cash equivalents and investments	$	699,937,345	$	598,294,078

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Tolls are deducted from the customer's prepaid toll accounts as customers cross the bridge. Operations & maintenance, Debt service, and Extraordinary loss reserves are described in Note 5. The Bart car replacement project is described in Note 1A.iv.

B. The composition of cash, cash equivalents and investments at June 30, 2010 and 2009 is as follows:

		2010		2009
Cash at banks	$	255,901,124	$	229,398,326
Money market mutual funds		340,687,979		387,589,050
County of Alameda		180,107,587		61,197,118
Government-sponsored enterprises:				
Federal Home Loan Bank		847,431,107		773,485,535
Federal Home Loan Mortgage Corporation		499,930,721		411,615,229
Federal National Mortgage Association		680,887,181		81,556,377
Federal Farm Credit Bank		35,015,625		-
Tennessee Valley Authority		9,686,800		10,439,205
Municipal Bonds		188,425,000		454,595,000
Local Agency Investment Fund		319,023		316,087
Total cash, cash equivalents and investments	$	3,038,392,147	$	2,410,191,927

MTC holds a position in the investment pool of County of Alameda in the amount of $180,107,587 and $61,197,118 at June 30, 2010 and 2009. The Transportation Development Act (TDA) requires that STA and local TDA funds be deposited with the County Treasury. The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper prime rated by at least two agencies if maturity is greater than 30 days, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The position in the external investment pool at the County of Alameda is recorded at fair value at June 30, 2010 determined by the fair value per share of the pools' underlying portfolio. The investment holdings with the County of Alameda account for approximately .06 percent of MTC's investment portfolio. Deposits with the County of Alameda are available for immediate withdrawal.

MTC holds $319,023 and $316,087 at June 30, 2010 and 2009 in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. LAIF investments account for approximately 0.01 percent of MTC's total cash and investment portfolio.

MTC's portfolio includes five money market mutual fund investments at June 30, 2010 and 2009, respectively. The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

	2010	**2009**
B of A Government Reserves Adviser	1 %	1%
Dreyfus Gov't Cash Mgmt Institutional	0 %	1%
BlackRock T- Fund Institutional	1 %	2%
California Asset Management Program	8 %	11%
PFM Funds Gov't Series	2%	2%

B of A Government Reserves Adviser funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invested in short term debt securities that have relatively low risk, including, in some cases, securities issued or guaranteed by the U.S. Government. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The Dreyfus Government Cash Management fund is part of the overnight sweep fund utilized by Bank of New York custodial accounts and invests in securities issued or guaranteed as to the principal and interest by the U.S. government or its agents or instrumentalities, and repurchase agreements. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The BlackRock T-Fund Institutional is part of the overnight sweep fund utilized by Union Bank accounts, and invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The California Asset Management Program (CAMP) is a joint powers authority and common law trust. The Trust's Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP's money market portfolio is rated "AAA" by Standard & Poor's.

PFM Funds Government Series invests in short-term government securities, repurchase agreements secured by government securities and money market mutual funds that invest exclusively in government securities and repurchase agreements secured by government securities. The fund is rated "AAA" by both Standard & Poor's and Moody's.

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund. All the mutual fund holdings are highly rated by Standard & Poor's and Moody's, and are considered to be cash and cash equivalents.

The Government-Sponsored Enterprises (GSE) holdings carry "AAA" ratings. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio. The GSE holdings include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB) and Tennessee Valley Authority (TVA).

Municipal bonds are comprised of variable rate demand obligations (VRDOs) issued by various California local agencies. The VRDOs are presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice.

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. MTC invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC's income securities holdings are discussed in Note 1.H.

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will default, or fail to meet its obligations. See credit ratings in B. above.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be recovered. All securities are held in independent safekeeping accounts maintained with Union Bank or Bank of New York Mellon (BONY), and are held in the name of the Agency. As a result, custodial credit risk is remote.

iii) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2010 and 2009 are as follows:

	2010	2009
Federal Home Loan Bank (FHLB)	28%	32%
Federal National Mortgage Association	22%	0%
Federal Home Loan Mortgage Corporation	16%	17%
State of California	0%	8%

iv) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. MTC's policy is to buy and hold investments to maturity.

MTC's investment portfolio consists of some variable rate demand obligations (VRDOs). VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice and there is no significant risk of principal. Interest rates on the securities are reset weekly and will fluctuate with the market at any given week which could result in an increase or decrease to the interest revenue earned.

The weighted average maturities of MTC's Government Sponsored Enterprises (GSE) securities (expressed in number of years) at June 30, 2010 and 2009 are as follows:

	2010	2009
Government-sponsored enterprises		
Federal Home Loan Bank	0.41	0.08
Federal Farm Credit Bank	1.34	-
Federal Home Loan Mortgage Corporation	0.13	0.19
Federal National Mortgage Association	0.52	0.07
Tennessee Valley Authority	0.55	1.55

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

Governmental activities	Beginning Balance July 1, 2009	Increases	Decreases	Ending Balance June 30, 2010
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Office furniture and equipment	48,391	73,056	(48,391)	73,056
Total capital assets, not being depreciated	48,391	73,056	(48,391)	73,056
Capital assets, being depreciated:				
Buildings and improvements	12,577,948	111,609	-	12,689,557
Office furniture and equipment	3,148,593	120,821	(737,087)	2,532,327
Leased equipment	168,489	-	-	168,489
Automobiles	187,835	-	(16,014)	171,821
Total capital assets being depreciated	16,082,865	232,430	(753,101)	15,562,194
Less accumulated depreciation for:				
Buildings and improvements	4,427,165	645,590	-	5,072,755
Office furniture and equipment	2,959,934	60,171	(731,942)	2,288,163
Leased equipment	126,367	33,698	-	160,065
Automobiles	175,014	9,051	(16,015)	168,050
Total accumulated depreciation	7,688,480	748,510	(747,957)	7,689,033
Total capital assets, being depreciated, net	8,394,385	(516,080)	(5,144)	7,873,161
Governmental activities capital assets, net	$ 8,442,776	$ (443,024)	$ (53,535)	$ 7,946,217

Business-type activities	Beginning Balance July 1, 2009	Increases	Decreases	Ending Balance June 30, 2010
Capital assets, not being depreciated:				
Office furniture and equipment	$ 1,952,579	$ 1,769,002	$ (2,577,777)	$ 1,143,804
Intangible assets	2,182,949	5,385,287	(4,419,516)	3,148,720
Call boxes	2,045,681	35,848	(1,312,575)	768,954
Total capital assets, not being depreciated	6,181,209	7,190,137	(8,309,868)	5,061,478
Capital assets, being depreciated:				
Office furniture and equipment	4,476,523	2,353,368	(870,720)	5,959,171
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	54,262	-	-	54,262
Intangible assets	1,152,679	4,483,197	-	5,635,876
Call boxes	11,009,439	1,312,576	(708,472)	11,613,543
Total capital assets being depreciated	19,827,103	8,149,141	(1,579,192)	26,397,052
Less accumulated depreciation for:				
Office furniture and equipment	2,525,225	645,219	(870,720)	2,299,724
Building and improvements	478,532	130,420	-	608,952
Automobiles	8,196	18,088	-	26,284
Intangible assets	301,344	375,282	-	676,626
Call boxes	9,915,922	286,156	(553,971)	9,648,107
Total accumulated depreciation	13,229,219	1,455,165	(1,424,691)	13,259,693
Total capital assets, being depreciated, net	6,597,884	6,693,976	(154,501)	13,137,359
Business-type activities capital assets, net	$ 12,779,093	$ 13,884,113	$ (8,464,369)	$ 18,198,837

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 748,510
Total depreciation expense - governmental activities	$ 748,510
Business-type activities:	
Toll bridge	$ 1,096,872
Congestion relief	358,293
Total depreciation expense - business-type activities	$ 1,455,165

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

Governmental activities	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
Capital assets, not being depreciated:				
Construction in progress	$ 3,502,701	$ (3,502,701) *	$ -	$ -
Office furniture and equipment	-	48,391	-	48,391
Total capital assets, not being depreciated	3,502,701	(3,454,310)	-	48,391
Capital assets, being depreciated:				
Buildings and improvements	8,854,704	3,723,244	-	12,577,948
Office furniture and equipment	3,078,347	70,246	-	3,148,593
Leased equipment	168,489	-	-	168,489
Automobiles	187,835	-	-	187,835
Total capital assets being depreciated	12,289,375	3,793,490	-	16,082,865
Less accumulated depreciation for:				
Buildings and improvements	3,783,174	643,991	-	4,427,165
Office furniture and equipment	2,900,340	59,594	-	2,959,934
Leased equipment	92,669	33,698	-	126,367
Automobiles	160,816	14,198	-	175,014
Total accumulated depreciation	6,936,999	751,481	-	7,688,480
Total capital assets, being depreciated, net	5,352,376	3,042,009	-	8,394,385
Governmental activities capital assets, net	$ 8,855,077	$ (412,301)	$ -	$ 8,442,776

Business-type activities	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
Capital assets, not being depreciated:				
Office furniture and equipment	$ 79,917	$ 1,872,662	$ -	$ 1,952,579
Intangible assets	443,582	1,739,367	-	2,182,949
Call boxes	377,285	1,668,396	-	2,045,681
Total capital assets, not being depreciated	900,784	5,280,425	-	6,181,209
Capital assets, being depreciated:				
Office furniture and equipment	4,391,330	85,193	-	4,476,523
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	-	54,262	-	54,262
Intangible assets	1,152,679	-	-	1,152,679
Call boxes	10,811,671	197,768	-	11,009,439
Total capital assets being depreciated	19,489,880	337,223	-	19,827,103
Less accumulated depreciation for:				
Office furniture and equipment	1,998,423	526,802	-	2,525,225
Building and improvements	348,112	130,420	-	478,532
Automobiles	-	8,196	-	8,196
Intangible assets	136,515	164,829	-	301,344
Call boxes	9,701,628	214,294	-	9,915,922
Total accumulated depreciation	12,184,678	1,044,541	-	13,229,219
Total capital assets, being depreciated, net	7,305,202	(707,318)	-	6,597,884
Business-type activities capital assets, net	$ 8,205,986	$ 4,573,107	$ -	$ 12,779,093

*Transfers to Building and Improvements ($3,502,701).

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 751,481
Total depreciation expense - governmental activities	$ 751,481
Business-type activities:	
Toll bridge	$ 759,887
Congestion relief	284,654
Total depreciation expense - business-type activities	$ 1,044,541

5. LONG-TERM DEBT

Toll Revenue Bonds were issued by BATA in May 2001, February 2003, October 2004, February 2006, April 2006, May 2007, October 2007, June 2008, August 2008, August 2009 and November 2009 to (i) finance the cost of the design and construction of eligible projects of Regional Measure 1, Regional Measure 2, and the Seismic Retrofit projects for the Bay Area Bridges, (ii) to finance a Reserve Fund (iii) pay costs incurred in connection with the issuance of the bonds, and (iv) defease or refund bonds.

Toll Revenue Bonds were reoffered during August 2008 for 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C, and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 as uninsured variable rate bonds.

Toll Revenue Fixed Rate Bonds (2008 Series F1) were issued in August 2008 to (i) refund and fix the 2003 Series A-B, 2006 Series A1, D2, and E1, 2007 Series B1, D1, and E1-E2 variable rate bonds insured by Ambac Assurance Corporation, (ii) pay costs incurred in connection with the issuance of the 2008 Series F1 bonds, (iii) finance the Reserve Fund, and (iv) pay remarketing costs of certain of the variable rate bonds.

Toll Revenue Fixed Rate Bonds (2009 Series F1) were issued during August 2009 to (i) refund and fix the 2001Series B -C, 2003 Series C, 2004 Series A-C, 2006 Series B1, and 2007 Series G2-G3, (ii) make a cash deposit to the Reserve Fund and (iii) pay the costs of issuing the 2009 series F1 bonds.

The refundings were recorded as a current refunding in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

Toll Revenue Fixed Rate Bonds (2009 Series F2) were issued in November 2009 to (i) fund capital projects, (ii) make a cash deposit to the Reserve Fund and (iii) pay the costs of issuing the 2009 Series F2 bonds. The Toll Revenue bonds were issued as Federally Taxable Build America bonds (BABs) under the American Recovery and Reinvestment Act of 2009. BATA will receive a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs.

Component Unit – BAIFA – State Payment Acceleration Notes (SPANs) were issued during December 2006 (2006 SPANs) to (i) finance the costs of the design and construction of the Toll Bridge Seismic Retrofit Capital Program for the Bay Area bridges and (ii) pay costs incurred in connection with the issuance of the 2006 SPANs. More information is presented in Note 1.N.

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.10% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.10% (2)	2029	75,000,000	75,000,000	-	(75,000,000) (6)	-	-
2001 Revenue Bond Series C	5/24/2001	4.10% (2)	2025	75,000,000	75,000,000	-	(75,000,000) (6)	-	-
2001 Revenue Bond Series D	5/24/2001	4.86% (1,3)	2011	100,000,000	13,990,000	-	(6,830,000)	7,160,000	7,160,000
2003 Revenue Bond Series C	2/12/2003	3.76% (2)	2037	150,000,000	146,600,000	-	(146,600,000) (6)	-	-
2004 Revenue Bond Series A	10/5/2004	3.76% (2)	2039	75,000,000	72,450,000	-	(72,450,000) (6)	-	-
2004 Revenue Bond Series B	10/5/2004	3.76% (2)	2039	150,000,000	144,900,000	-	(144,900,000) (6)	-	-
2004 Revenue Bond Series C	10/5/2004	3.76% (2)	2039	75,000,000	72,455,000	-	(72,455,000) (6)	-	-
2006 Revenue Bond Series (B1, C)	2/8/2006	3.76% (2)	2045	1,000,000,000	340,000,000	-	(65,000,000) (6)	275,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.59% (1)	2031	1,149,205,000	1,071,740,000	-	(28,480,000)	1,043,260,000	29,795,000
2007 Rev Bond Ser(A1,C1,G1)	5/15/2007	3.76% (2)	2047	500,000,000	150,000,000	-	-	150,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.44% (1)	2031	310,950,000	310,530,000	-	(35,000)	310,495,000	35,000
2007 Rev Bond Ser(A2-D2,E3, G2-G3)	10/25/2007	3.76% (2)	2047	500,000,000	500,000,000	-	(125,000,000) (6)	375,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	6/5/2008	3.76% (2)	2045	507,760,000	507,760,000	-	-	507,760,000	-
2008 Revenue Bond Series F1	8/28/2008	5.32% (1)	2047	707,730,000	707,730,000	-	-	707,730,000	-
2009 Revenue Bond Series F1	8/20/2009	5.09% (1)	2044	768,720,000	-	768,720,000	-	768,720,000	-
2009 Revenue Bond Series F2	11/5/2009	4.14% (1,4)	2049	1,300,000,000	-	1,300,000,000	-	1,300,000,000	-
				$ 7,594,365,000	$ 4,338,155,000	$ 2,068,720,000	$ (811,750,000)	$ 5,595,125,000	$ 36,990,000
Unamortized bond premium/ discount					12,783,639	64,983,323	(3,391,852)	74,375,110	
Deferred charge on bond refunding					(58,209,768)	(12,380,071)	2,517,410	(68,072,429)	
Net long-term debt as of June 30, 2010					$ 4,292,728,871	$ 2,121,323,252	$ (812,624,442)	$ 5,601,427,681	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (5)	2017	$ 972,320,000	$ 791,170,000	$ -	$ (41,335,000) (7)	$ 749,835,000	$ 17,020,000
Unamortized bond premium					40,659,258	-	(5,030,011)	35,629,247	
Net long-term debt as of June 30, 2010					$ 831,829,258	$ -	$ (46,365,011)	$ 785,464,247	

(1) Fixed rate bonds
(2) Variable bonds that are hedged with a swap; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender. New liquidity agreements with an effective date of November 1, 2010 have been executed with expiration dates of 11/01/2013 and 10/31/2014 and are not cancelled by the lender.
(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.865%.
(4) Federal taxable Build America Bonds
(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.
(6) Refunded with 2009 F1 proceeds
(7) Scheduled payment of $8.7 million and optional redemption payments of $32.6 million

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.10% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.12% (2)	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.11% (2)	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.86% (1,3)	2011	100,000,000	20,560,000	-	(6,570,000)	13,990,000	6,830,000
2003 Revenue Bond Series A	2/12/2003	4.14% (2)	2038	75,000,000	73,500,000	-	(73,500,000)	-	-
2003 Revenue Bond Series B	2/12/2003	4.14% (2)	2038	75,000,000	73,600,000	-	(73,600,000)	-	-
2003 Revenue Bond Series C	2/12/2003	4.14% (2)	2037	150,000,000	148,300,000	-	(1,700,000)	146,600,000	1,800,000
2004 Revenue Bond Series A	10/5/2004	3.42% (2)	2039	75,000,000	73,755,000	-	(1,305,000)	72,450,000	1,340,000
2004 Revenue Bond Series B	10/5/2004	3.42% (2)	2039	150,000,000	147,510,000	-	(2,610,000)	144,900,000	2,695,000
2004 Revenue Bond Series C	10/5/2004	3.42% (2)	2039	75,000,000	73,755,000	-	(1,300,000)	72,455,000	1,350,000
2006 Revenue Bond Series (B1, C)	2/8/2006	3.73% (2)	2045	1,000,000,000	500,000,000	-	(160,000,000)	340,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.59% (1)	2031	1,149,205,000	1,099,090,000	-	(27,350,000)	1,071,740,000	28,480,000
2007 Rev Bond Ser(A1,C1,G1)	5/15/2007	3.73% (2)	2047	500,000,000	500,000,000	-	(350,000,000)	150,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.44% (1)	2031	310,950,000	310,560,000	-	(30,000)	310,530,000	35,000
2007 Rev Bond Ser(A2-D2,E3, G2-G3)	10/25/2007	3.73% (2)	2047	500,000,000	500,000,000	-	-	500,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	6/5/2008	3.73% (2,4)	2045	507,760,000	507,760,000	-	-	507,760,000	-
2008 Revenue Bond Series F1	8/28/2008	5.32% (1)	2047	707,730,000	-	707,730,000	-	707,730,000	-
				$ 5,675,645,000	$ 4,328,390,000	$ 707,730,000	$ (697,965,000)	$ 4,338,155,000	$ 42,530,000
Unamortized bond premium/ discount					20,560,807	(6,910,988)	(866,180)	12,783,639	
Deferred charge on bond refunding					(11,095,509)	(48,984,267)	1,870,008	(58,209,768)	
Net long-term debt as of June 30, 2009					$ 4,337,855,298	$ 651,834,745	$ (696,961,172)	$ 4,292,728,871	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (5)	2017	$ 972,320,000	$ 867,140,000	$ -	$ (75,970,000)	$ 791,170,000	$ 8,720,000
Unamortized bond premium					45,689,269	-	(5,030,011)	40,659,258	
Net long-term debt as of June 30, 2009					$ 912,829,269	$ -	$ (81,000,011)	$ 831,829,258	

(1) Fixed rate bonds
(2) Variable bonds that are hedged with a swap; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.
(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.
(4) Includes investment of $110 million in 2008 Series A1 that was reoffered and sold in August 2009.
(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

Annual funding requirements

The annual funding requirements (principal and interest) for the debt outstanding of the business-type activities at June 30, 2010 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2011	$ 36,990,000	$ 247,924,553	$ 284,914,553
2012	38,695,000	246,285,496	284,980,496
2013	40,540,000	244,570,889	285,110,889
2014	46,165,000	242,774,529	288,939,529
2015	48,195,000	240,728,920	288,923,920
2016-2020	329,615,000	1,166,499,064	1,496,114,064
2021-2025	491,705,000	1,078,496,676	1,570,201,676
2026-2030	628,870,000	958,022,658	1,586,892,658
2031-2035	797,400,000	804,098,404	1,601,498,404
2036-2040	960,980,000	611,246,656	1,572,226,656
2041-2045	1,087,130,000	390,306,725	1,477,436,725
2046-2049	1,088,840,000	124,049,015	1,212,889,015
	$ 5,595,125,000	$ 6,355,003,585	$ 11,950,128,585

Component Unit - BAIFA

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2011	$ 17,020,000	$ 32,017,955	$ 49,037,955
2012	-	31,291,201	31,291,201
2013	-	31,291,201	31,291,201
2014	40,350,000	31,291,201	71,641,201
2015	61,745,000	29,568,256	91,313,256
2016-2018	630,720,000	80,795,232	711,515,232
	$ 749,835,000	$ 236,255,046	$ 986,090,046

Bond Covenants -BATA

The Bay Area Toll Authority Bridge Toll Revenue Bonds are payable solely from "Pledged Revenues." The Master Indenture, dated as of May 1, 2001 defines Pledged Revenues as all bridge toll revenue as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture except for amounts in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Liquidity Instrument. BATA covenanted to establish a Reserve Fund under the 2001 indenture. The current reserve requirement is $346,036,166 to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service payments.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in net operating revenue greater than 1.2 times annual debt service costs as defined in the master indenture dated May 1, 2001. In addition, BATA has agreed to maintain tolls at a level where net operating revenue plus the balance in the operations and maintenance reserve is at least 1.25 times total "fixed costs" as well as maintaining tolls at levels exceeding 1.0 times all fixed costs as costs are defined in this indenture.

BATA has also covenanted in the 2001 Indenture that no additional bonds shall be issued, unless the additional bonds are issued for refunding of 2001 Series bond purposes, or Net Revenue equates to greater than 150 percent of the combined maximum annual debt service of all outstanding parity bonds.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget for Caltrans toll operations and maintenance costs. At June 30, 2010, BATA had restricted $150 million as the restricted operations and maintenance reserve. BATA has also covenanted to maintain an emergency extraordinary loss reserve of not less than $50 million. These amounts are shown as restricted assets for the year ended June 30, 2010. In addition, the BATA board has authorized a total of $600 million for emergency extraordinary loss reserves, which includes $70 million bridge rehabilitation as well as the $200 million committed in the bond covenants.

The bonds issued by BATA are collateralized by a first lien on all of its revenues after a provision for Caltrans costs for operations and maintenance of toll facilities and are not an obligation of the MTC primary government or any component unit other than BATA.

In August 2008, BATA reoffered $1,733,320,000 of 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 of uninsured variable rate demand bonds (VRDBs). BATA's VRDB is a tax-exempt bond that reflects a floating interest rate that is reset every seven days. The investors have an option to tender or put securities at par with seven days notice. BATA also issued $707,730,000 of 2008 Series F1 Fixed bonds. A portion of the 2008 Series F1 proceeds, $657,100,000, was applied to the refunding of the 2003 Series A and B, 2006 Series A1, D2 and E1, and 2007 Series B1, D1, and E1-E2. Another $30,518,323 was deposited to Reserve Fund with the remainder of the proceeds was applied to issuance costs for the 2008 Series F1 and the 2008 Reoffered bonds. Ambac was downgraded several notches below "AA", which caused market volatility in the weekly pricing of BATA's insured VRDBs. The transaction was completed with the business purpose of removing Ambac's underlying insurance on the VRDBs that had caused interest rates to increase sharply and does not provide any economic gain or loss. The difference between the reacquisition price and the net carrying amount of the old debt is $10,696,513, which is reported as a deferred charge.

Bond Covenants – BAIFA

The BAIFA State Payment Acceleration Notes (SPANs) are payable solely from "Pledged Revenues" of BAIFA. The Indenture of Trust, dated December 1, 2006, defines Pledged Revenues as all scheduled payments allocated by the California Transportation Commission (CTC) to BAIFA, as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture.

The SPANs issued by BAIFA do not constitute debt of the State, MTC, or BATA or any other political subdivisions of the State, MTC or BATA. More information is presented in Note 1.N.

Derivative Instruments

MTC adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, retroactively beginning June 30, 2009.

MTC enters into derivative instruments to hedge interest rate risk and not for speculative or trading purposes. Existing derivatives are composed solely of interest rate swaps. All derivative instruments were determined to be effective hedging derivatives at June 30, 2009 except for a portion of the Series 2003, 2006 and 2007 pay-fixed interest rate swaps for which the hedged items for these derivative instruments were refunded in August 2008. Accordingly, the accumulated changes in fair value of the swaps were reported as a deferred outflow of resources of $28,290,143 at June 30, 2008 and $9,997,611 through the date of the transaction in August 2008, for a total of $38,287,754, was deferred in accordance with GASB Statement No. 23 over the life of the bonds. Hence, these swaps are now considered investment derivative instruments. Some of these investment derivatives with Ambac were terminated in July 2009.

The fair value of the hedged and investment derivatives in a liability position was ($339,765,413) and ($411,060,427) at June 30, 2010 and June 30, 2009 respectively, and recorded in the Statement of Net Assets as a non-current liability. The fair value of the hedged derivatives in an asset position was $10,328,500 and $0 at June 30, 2010 and June 30, 2009, respectively, and recorded in the Statement of Net Assets as a non-current asset. The change in the hedging derivative liabilities was recorded as deferred outflows of $263,198,577 and $334,053,518 at June 30, 2010 and June 30, 2009, respectively. The change in the hedging derivative assets from June 30, 2009 to June 30, 2010 of $22,068,658 resulted in a deferred inflow of $10,328,500 at June 30, 2010. The change in investment derivatives of $23,551,920 and $38,719,155 for fiscal year 2010 and fiscal year 2009, respectively, was recorded as an offset to investment income. See Note 1.S. for further details.

Cancellation of any or all of the swap transactions is subject to a fair market value calculation at the time of termination. Fair market value is calculated as the value at which the parties would voluntarily terminate the swap contract. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010 and June 30, 2009, classified by type, and the changes in fair value of such derivative instruments as reported in the financial statements is as follows:

	Decrease in Fair Value since June 30, 2009		Fair Value at June 30, 2010		
Business-type Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred Outflow of Resources	$ 59,114,784	Noncurrent Liabilities	$ (263,198,577)	$ 1,300,000,000
Pay-fixed interest rate swap	Investment revenue	23,551,920	Noncurrent Liabilities	(76,566,840)	410,000,000
Fair Value hedges:					
Receive-fixed interest swap	Deferred Inflow of Resource, net	(22,068,657)	Noncurrent Assets	10,328,500	555,700,000

A portion of the pay-fixed interest rate swap listed as a cash value hedge no longer qualified for hedge accounting as the bonds were refunded in fiscal year 2009. There were no additional changes in fiscal 2010 as to the effectiveness of the remaining swaps due to the unrelated termination of the swaps with Ambac.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the derivative instruments outstanding at June 30, 2010, along with the credit rating of the associated counterparty as well as the fair value of the derivative instrument.

	Standard & Poor's	Moody's
Bank of America, N.A.	A+	Aa3
Bank of New York Mellon	AA	Aaa
Citibank, N.A.	A+	A1
Citigroup Financial Products	A	A3
Goldman Sachs Mitsui Marine Derivative Products	AAA	Aa1
JP Morgan Chase Bank, N.A.	AA-	Aa1
JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	AAA	Aaa
Morgan Stanley Capital Services	A	A2

Amortized Notional Value	Counterparty	Fixed Payer Rate (A)		Value due from / (to) counterparty Jun 30, 2010	Value due from / (to) counterparty Jun 30, 2009
$75 million	Ambac Financial Services	4.11%		$ -	$ (12,358,585)
$75 million	Ambac Financial Services	4.12%		-	(14,879,183)
$75 million	Morgan Stanley Capital Services	4.09%		(21,437,457)	(16,741,156)
$75 million	Citigroup Financial Products	4.10%		(21,558,472)	(16,857,869)
$193.8 million	Ambac Financial Services	4.14%		-	(37,404,325)
$289.8 million	Ambac Financial Services	3.42%		-	(26,124,014)
$315 million	Ambac Financial Services	3.65%		-	(46,867,070)
$30 million	Bank of America, N.A.	3.63%		(6,388,049)	(4,391,196)
$225 million	Citibank, N.A.	3.64%		(38,415,243)	(26,542,353)
$245 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4%		(41,516,689)	(32,226,004)
$125 million	Ambac Financial Services	3.64%		-	(18,804,788)
$50 million	Bank of America, N.A.	3.63%		(10,768,874)	(7,386,444)
$260 million	Citibank, N.A.	3.64%		(45,120,116)	(31,164,278)
$270 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4%		(50,762,111)	(36,089,708)
$125 million	Bank of America, N.A.	3.64%	1	(26,819,678)	(18,489,379)
$60 million	Goldman Sachs Mitsui Marine Derivative Products	3.64%	1	(12,873,446)	(8,874,902)
$85 million	Goldman Sachs Mitsui Marine Derivative Products	3.64%	1	(18,470,862)	(12,712,146)
$170 million	Bank of New York Mellon	3.64%	1	(36,941,547)	(25,424,162)
$40 million	Bank of New York Mellon	3.64%	1	(8,692,869)	(5,982,707)
	Total Fixed Payer Swap			(339,765,413)	(399,320,269)
		Fixed Receiver Rate (B)			
$143.9 million	JP Morgan, Chase Bank, N.A.	3.90%		2,730,916	(2,698,174)
$146.4 million	Bank of New York Mellon	4.04%		2,872,840	(2,927,345)
$105.4 million	Citibank, N.A.	3.97%		1,666,486	(2,677,260)
$160 million	Bank of America, N.A.	4.01%		3,058,258	(3,437,379)
	Total Fixed Receiver Swap			10,328,500	(11,740,158)
	Total Derivative Instrument - Fair Value			$ (329,436,913)	$ (411,060,427)

(A) Cash flow hedge paying fixed rate receiving variable rate based on LIBOR index
(B) Fair value hedge receiving fixed rate paying variable rate based on SIFMA index
(1) Novated from Ambac Financial Services FY2009

The termination value, or fair market value, BATA would pay to terminate all swaps on a voluntary basis is $340 million and $411 million on June 30, 2010 and June 30, 2009, respectively, and would receive $10 million and $0 on June 30, 2010 and June 30, 2009, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the financing, notwithstanding market opportunities to restructure.

The Debt and Swap Payment Tables that follow show the total interest cost of the swap payments. The total cost is determined by calculating the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, total variable bond interest payments to bondholders, plus any associated administrative costs associated with the swap and variable rate obligation.

In July 2009, BATA terminated its swaps with Ambac for $104,579,900 and recognized a loss on swap termination of $80,587,911. The net of the derivative instruments over the deferred outflow associated with the Ambac swaps was $23,991,989. The bonds associated with the Ambac swaps were the 2001 Series B-C, 2003 Series C, 2004 Series A-C, and some of the bonds from the 2006 and 2007 Series. The bonds that were associated with these swaps were subsequently refunded in August 2009.

In January 2002, BATA completed a contract to swap variable-to-fixed rate bonds with a notional amount of $300 million. In July 2009, $150 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are Citigroup for $75 million and Morgan Stanley for $75 million. BATA will pay each respective counterparty a fixed rate ranging from 4.10% and 4.09% respectively while receiving a variable rate payment based on 65 percent of the one-month LIBOR index.

In November 2005, BATA approved a contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of February 2006. In July 2009, $315 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are JP Morgan AAA ISDA for $245 million, Citibank for $225 million, Goldman Sachs Mitsui Marine Derivative Products for $60 million, and Bank of America for $155 million. BATA will pay each counterparty a fixed rate ranging from 3.63 percent to 4.00 percent while receiving a variable rate payment based on varying percentages of LIBOR.

In November 2005, BATA completed another contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of November 2007. In July 2009, $125 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are JP Morgan AAA ISADA for $270 million, Citibank for $260 million, Bank of New York Mellon for $210 million, Goldman Sachs Mitsui Marine Derivative Products for $85 million and Bank of America for $50 million. BATA will pay each counterparty a fixed rate ranging from 3.63 percent to 4.00 percent while receiving a variable rate payment based on varying percentages of LIBOR.

In August 2008, BATA refunded $657.1 million in variable rate bonds, of which $558.7 million were associated with float-to-fixed rate swaps. The swaps were left intact and hedged with four Securities Industry and Financial Markets Association (SIFMA) fixed-to-float rate swaps. The counterparties to the transaction are Bank of New York Mellon for $146.4 million, JP Morgan Chase Bank, N.A. for $146.9 million, Citibank N.A. for $105.4 million, and Bank of America for $160 million. BATA will receive from each counterparty a fixed rate ranging from 3.90 percent to 4.00 percent while paying a percentage of SIFMA. Each counterparty has a right, but not the obligation, to terminate the swaps on April 1, 2011, without receiving a termination payment.

BATA entered into fixed to floating rate swaps as a means of lowering long-term debt costs while maintaining a hedge against increases in short-term rates. The SIFMA swaps (float-to-fixed rate) were completed as a means to offset the fixed-to-float swaps that remained after the associated floating rate debt was replaced with fixed-rate debt. BATA is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty failure. However, BATA has structured the transaction with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as BATA's unilateral ability to cancel any transaction with 15 days notice.

The swap contracts, with the exception of JP Morgan Chase AAA Enhanced ISDA, address credit risk by requiring the counterparties to post collateral in the event of the following: 1. A counterparty's credit rating equals "A-", "A", or "A+" as determined by S&P or "A3", "A2", or "A1" as determined by Moody's and the market value of its swaps exceeds $10 million, or 2. A counterparty's credit rating is below "A-", as determined by S&P or "A3" as determined by Moody's and the market value of its swaps exceeds $0. JP Morgan Chase AAA Enhanced ISDA posts collateral regardless of the ratings threshold and terminated value in accordance with the requirements imposed upon it by Moody's and Standard & Poor's.

As of June 30, 2010, counterparties were not required to post collateral with a third party safekeeping agent. However, as part of the JP Morgan AAA Enhanced ISDA, JP Morgan maintains a $15 million pool of collateral as a means to maintain the AAA rating. At present, BATA is the only participant in the AAA ISDA pool.

Debt and Swap Payments Table

As of June 30, 2010, debt service requirements of the variable rate debt and net swap payments for 2001 Series A effective January 14, 2002, are as follows:

Payment Date	Notional Amortization	Variable Interest[B]	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 351,351	$ 5,797,594	$ 1,440,000	$ 7,588,945
4/1/2012	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2013	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2014	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2015	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2016-2036	150,000,000	6,379,602	105,268,842	26,146,560	137,795,004
	$ 150,000,000	$ 8,136,357	$ 134,256,812	$ 33,346,560	$ 175,739,729

As of June 30, 2010, debt service requirements of the variable rate debt for 2006 Series C and 2007 Series A2-D2, E3 and net swap payments for 2006 Swap Series, effective February 8, 2006, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (1)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 1,522,522	$ 17,467,091	$ 6,240,000	$ 25,229,613
4/1/2012	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2013	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2014	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2015	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2016-2045	685,000,000	37,751,661	421,014,183	154,723,776	613,489,620
	$ 685,000,000	$ 45,364,271	$ 508,349,638	$ 185,923,776	$ 739,637,685

As of June 30, 2010, debt service requirements of the variable rate debt for 2007 Series A1, C1, G1 and 2008 Series A1-E1, G1 and net swap payments for 2007 Swap Series, effective November 1, 2007, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (2)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 1,540,699	$ 24,846,320	$ 6,314,496	$ 32,701,515
4/1/2012	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2013	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2014	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2015	-	1,531,751	24,846,320	6,277,824	32,655,895
4/1/2016-2047	875,000,000	37,114,064	627,684,627	152,110,608	816,909,299
	$ 875,000,000	$ 44,808,611	$ 751,916,227	$ 183,646,416	$ 980,371,254

As of June 30, 2010, debt service requirements of the fixed rate debt and net swap payments for 2008 Series F, effective August 28, 2008, are as follows:

Payment Date	Notional Amortization	Fixed Interest[G] (3)	Interest Rate Swaps, Net[C]	Total Payment
4/1/2011	$ 1,500,000	$ 28,482,677	$ (20,520,778)	$ 7,961,899
4/1/2012	1,500,000	28,482,677	(20,465,387)	8,017,290
4/1/2013	1,800,000	28,482,677	(20,409,995)	8,072,682
4/1/2014	1,400,000	28,482,677	(20,343,525)	8,139,152
4/1/2015	1,500,000	28,482,677	(20,291,826)	8,190,851
4/1/2016-2047	548,000,000	672,525,503	(488,175,351)	184,350,152
	$ 555,700,000	$ 814,938,888	$ (590,206,862)	$ 224,732,026

	Series 2001 Bonds [A]	Series 2006 Bonds	Series 2007 Bonds
Interest Rate Swap			
Fixed payment to counterparty	4.10%	3.77%	3.75%
LIBOR percentage of payments [D]	-0.23%	-1.22%	-0.91%
Net interest rate swap payments [C]	3.87%	2.55%	2.84%
Variable rate bond coupon payments [B]	0.23%	0.23%	0.23%
Synthetic interest rate on bonds	4.10%	2.78%	3.07%
Remarketing/liquidity fee[E]	0.96%	0.96%	0.96%
Total Cost	5.06%	3.74%	4.03%

	Series 2008 Bonds
Interest Rate Swap	
Fixed payment from counterparty	-3.983%
SIFMA[F]	0.290%
Net interest rate swap receipts [C]	-3.693%
Fixed rate bond coupon payments [G]	5.126%
Synthetic interest rate on bonds	1.433%
Fees	0.000%
Total Cost	1.433%

A Converted to 65% one month LIBOR on 1/1/06
B Average variable rate as of June 2010 reset
C Net payment/(receipt)
D Average LIBOR rates as of June 2010 reset
E Remarketing/liquidity fees
F SIFMA rate as of June 2010 reset
G Blended coupon

(1) Variable outstanding par $650 million
(2) Variable outstanding par $657.8 million
(3) Fixed outstanding par $707.73 million, but adjusted to $555.7 million to match swap

6. LEASES

Capital Leases

MTC leases copier equipment under capital leases which expire during fiscal year 2011. The assets and liabilities under this capital lease are recorded at the present value of the minimum lease payments. Minimum future lease payments under the capital lease are comprised of the following:

Governmental Activities Year Ending June 30		Amount
2011	$	10,684
Total		10,684
Less interest amounts		(83)
Present value of net minimum lease payments	$	10,601

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of June 30, 2010, is as follows:

	Transfer In:						
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-Major Governmental Funds	BATA	Total
Non-Major	$ 91,999	$ -	$ -	$ 101,035	$ -	$ 1,110,000	$ 1,303,034
STA	2,153,475	-	-	1,301,830	-	-	3,455,305
Capital	7,000	-	-	-	-	-	7,000
AB664	20,000	-	-	-	-	-	20,000
General	-	-	3,095,631	-	-	-	3,095,631
BATA	13,196,890	10,722,759	-	540,842	11,312,123	-	35,772,614
SAFE	1,571,692	-	-	79,536	-	-	1,651,228
Total	$ 17,041,056	$ 10,722,759	$ 3,095,631	$ 2,023,243	$ 11,312,123	$ 1,110,000	$ 45,304,812

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	STA	$ 231,318
General	AB664	20,000
General	BATA	2,809,288
General	Capital	6,913,131
General	Non-Major	91,999
General	SAFE	64,914
Capital	General	499,769
Capital	STA	572,980
Capital	Non-Major	90,873
Capital	BATA	515,843
Non-Major	BATA	49,030
SAFE	General	4,121,819
BATA	General	8,584
BATA	AB664	66,241
BATA	Non-Major	196,907
BATA	MTC	29,000,000

The composition of interfund transfers as of June 30, 2009, is as follows:

Transfer In:

Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-Major Governmental Funds	SAFE	BATA	Total
Non-Major	$ -	$ -	$ -	$ 1,354,777	$ -	$ -	$ 1,260,000	$ 2,614,777
General	-	-	2,047,373	-	-	-	-	2,047,373
STA	13,803,937	-	-	891,675	9,856,450	-	-	24,552,062
Capital	466,278	-	-	-	-	-	-	466,278
BATA	5,250,642	10,881,735	-	1,157,541	9,918,754	761,000	-	27,969,672
SAFE	1,263,120	-	-	791,000	-	-	-	2,054,120
Total	$ 20,783,977	$ 10,881,735	$ 2,047,373	$ 4,194,993	$ 19,775,204	$ 761,000	$ 1,260,000	$ 59,704,282

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Capital	$ 5,495,453
General	STA	1,133,702
General	Non-Major	49,242
General	BATA	176,237
General	SAFE	84,880
Capital	STA	213,338
Capital	Non-Major	788,255
Capital	BATA	255,104
Capital	General	499,769
Non-Major	BATA	210,076
SAFE	General	3,099,492
BATA	AB664	99,751
BATA	Non-Major	10,239
BATA	MTC	37,000,000

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various grant programs based on both budgetary and matching fund requirements.

Outstanding receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and reimbursement payments are made.

8. EMPLOYEES' RETIREMENT PLAN

Plan Description

MTC's single employer defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

Members in the Plan are required to contribute a percent of their annual covered salary, which is established by California state statute. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration. Pursuant to an election by MTC employees, a contract amendment was executed with CalPERS in fiscal 2007, amending the retirement benefit formula from 2 percent at 55 to 2 ½ percent at 55. MTC employees agreed to contribute the full cost of this enhancement and share in future retirement cost increases. The full cost of MTC's retirement benefit is allocated as follows:

- MTC pays the Base Rate of 17.395 percent in effect on July 1, 2006 (10.395 percent employer contribution and 7 percent employee share, per employee's gross earnings), and the fiscal 2008 Base Rate. The Base Rate increased in fiscal 2009 by a percentage equivalent to the actual increase in cost attributable to the BATA employees hired in fiscal 2006.

- Members pay 3.402 percent of eligible gross earnings (2.402 percent employer contribution and 1.0 percent employee contribution) to cover the full cost of the enhancement.

- MTC and members will share equally in payment for additional CalPERS increases, up to 2.0 percent above the Base Rate and the 3.402 percent enhancement cost, each paying up to an additional 1 percent.

- Per agreement, any CalPERS contribution rate increases exceeding the additional 2 percent referenced above will result in re-opening the agreement to determine further cost-sharing arrangements.

Annual Pension Cost and Funding Progress

The required contribution was $2,982,161 and $2,937,722 for the years ended June 30, 2010 and 2009 determined as part of the June 30, 2008 and June 30, 2007 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by entry age and duration of service. Both (a) and (b) include an inflation component of 3.0 percent and an annual payroll growth of 3.25 percent. The Amortization Method used is Level Percent of Payroll. The actuarial valuation of the Plan's asset was determined using a technique that smoothes the effect of short-term volatility in market value of investments over a fifteen-year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The following table shows the MTC's required contributions and the percentage contributed for the current year and each of the two preceding years. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The contribution rate for fiscal year ended June 30, 2010 was 13.016% of payroll. The dollar value of the ARC is the contribution rate multiplied by the payroll of covered employees paid during the period July 1, 2009 through June 30, 2010.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2008	$ 2,813,755	100%
June 30, 2009	2,937,722	100%
June 30, 2010	2,982,161	100%

The MTC's funding progress information as of June 30, 2008 is illustrated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 54,611,669	$ 61,472,801	$ 6,861,132	88.80%	$ 14,292,965	48%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.10%	15,865,270	46.90%
June 30, 2008	67,099,161	74,493,447	7,394,286	90.10%	16,230,948	45.60%

The latest available actuarial valuation was as of June 30, 2008 showing an under-funded status.

9. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

MTC's single employer defined benefit other postemployment healthcare (OPEB) plan, or MTC's California Employer's Retirement Benefit Trust (CERBT) account, provides health plan coverage through the CalPERS Health Plan to eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees, with the general exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service to MTC. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 23. The number of participants eligible to receive benefits was 61 for the year ended June 30, 2010.

MTC is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for provision of healthcare insurance programs for both active and retired employees. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Benefits*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of $501,102 and $452,003 for the years ended 2010 and 2009 were applied toward the required annual employer contribution of $1,211,117 and $799,483 for the years ended 2010 and 2009. In addition, MTC made a voluntary contribution in excess of the ARC for fiscal 2008 of $8,676,000. This contribution nearly eliminated the Unfunded Actuarial Accrued Liability (UAAL) and resulted in the reporting of a net OPEB asset of $7,731,865 at June 30, 2008. The net OPEB asset at June 30, 2009 was $7,384,385. The net OPEB asset at June 30, 2010 remained at $7,384,385 as MTC fully funded its OPEB Obligation in fiscal 2010. The interest earned on this asset will reduce the OPEB cost in future years.

Annual OPEB Cost, Funded Status and Funding Progress

MTC's annual Other Postemployment Benefit (OPEB) expense is based on the ARC of the employer less healthcare costs paid on behalf of its retirees as well as any other contributions made to the plan during the year. The following table represents annual OPEB cost for the year, the percentage of costs contributed to the plan, and changes in the net OPEB obligation. Governmental and Business-Type Activities funded 100% of the

ARC attributable to them. Any net OPEB asset resulted solely from Governmental Activities.

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Asset
June 30, 2008	$	1,372,945	794.40%	$	7,731,865
June 30, 2009		799,483	56.50%		7,384,385
June 30, 2010		1,211,117	100%		7,384,385

The funded status of the plan as of July 1, 2010 was as follows:

Annual required contribution (ARC)	$	1,246,087
Interest on net OPEB obligation		(572,290)
Adjustment to ARC		537,320
Annual OPEB Cost		1,211,117
Less Contributions made		(1,211,117)
Increase in net OPEB obligation		-
Net OPEB asset - beginning of year		7,384,385
Net OPEB asset - end of year	$	7,384,385

The MTC's funding progress information as of June 30, 2010 is illustrated as follows:

Actuarial Valuation Date		Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2007	$	-	$	10,297,911	$	10,297,911	0%	$	22,965,687	44.80%
January 1, 2009		7,299,050		12,774,408		5,475,358	57.10%		24,500,000	22.30%
January 1, 2010		9,249,465		20,599,779		11,350,314	44.90%		25,300,000	44.90%

Actuarial valuations must make certain assumptions regarding the probability of occurrence of certain events such as employment turnover, retirement, and mortality, as well as economic assumptions regarding future healthcare costs and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on Schedule IV, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided as the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

MTC has funded its OPEB liability by contributing to a trust established and administered by CalPERS. The actuarial cost method and assumptions described below is one of two methods prescribed by CalPERS for entities wishing to participate in the CalPERS OPEB Trust. The actuarial cost method used for determining the benefit obligations is the Entry Age Normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of 1) the actuarial value of the assets and 2) the actuarial present value of future normal costs, is the Unfunded Actuarial Accrued Liability (UAAL). In determining the Annual Required Contribution, the UAAL must be amortized over a period of up to 30 years. MTC has elected to amortize as a level percentage of expected payroll over 20 years on an open basis. The actuarial assumptions include a prescribed discount rate of 7.75 percent to reflect the expected return on assets in the CalPERS' retiree health trust fund and an annual healthcare cost trend rate of 6.5 percent for 2010 to 2014, 6.0 percent for 2015 to 2017, and 5.85 percent per year thereafter.

Demographic assumptions were prescribed by CalPERS in order to participate in the trust as well and reflect the demographic assumptions used by CalPERS in its valuation of pension benefits under its Miscellaneous 2.5 percent @ 55 formulas for miscellaneous employees. MTC employees participate in CalPERS and accrue pension benefits under this formula.

The Actuarial Accrued Liability (AAL) presented in the January 1, 2010 valuation increased by approximately $7.8 million over the previous valuation. The following factors contributed to the change in the AAL. The cost of benefit accruals since the last valuation, plus interest on the prior years AAL, less benefit payments since the last valuation date, contributed to the change in the AAL. The combined impact of these factors was an increase in the AAL of approximately $1.3 million. In March 2010, MTC transferred its OPEB trust fund assets from CalPERS Trust to a trust managed by Public Agency Retirement Services (PARS). Unlike, CalPERS, MTC may elect an investment policy for its fund assets. MTC selected a conservative investment policy which reduced the discount rate from 7.75% to 5.5%. This change in the discount rate resulted in an increase in the AAL of approximately $5.2 million. The January 1, 2010 valuation also reflects a change to the actuarial cost method from the Entry Age Normal Cost to Projected Unit Credit Cost. The Entry Age Normal cost method was required as a condition for participation in the CalPERS OPEB Trust. This change in the actuarial cost method resulted in a decrease in the AAL of approximately $0.9 million.

10. COMMITMENTS AND CONTINGENCIES

MTC's administered projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantor's audits are completed and final rulings by the grantor's administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that are considered normal to the MTC's regional planning activities. The MTC Board has approved a reserve for future expenses for these contingencies in the amount of $2,738,331 and $773,368 for fiscal years ended June 30, 2010 and 2009, respectively. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

BATA has been named as the defendant in a lawsuit from Ambac Financial Services, LLC related to swaps that were terminated in July 2009. The lawsuit is in the discovery stage. In the opinion of BATA's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

Commitment and Loan to Bay Area Rapid Transit District

On March 11, 1999, MTC, the San Mateo County Transit District (Samtrans) and the Bay Area Rapid Transit District (BART) (collectively the Parties) entered into a Memorandum of Understanding (MOU) defining the terms and conditions by which additional funds would be made available for the SFO Extension Project (the Project). On September 1, 1999, the Parties agreed to provide a total of $198.5 million to the Project, with BART providing $50 million, Samtrans providing $72 million, and MTC providing $76.5 million.

MTC's commitment included a $60 million loan (the Loan) for the Project's cash flow requirements and $16.5 million for additional budget items. In addition, MTC agreed to pay for interest and financing costs not to exceed $11.8 million, for a total commitment of $88.3 million.

To fund the Loan, MTC agreed to advance $60 million from the Rail Reserve Fund (East Bay Account) for Project cash flows. Under the MOU, BART was to repay this advance without interest, upon authorization and receipt of federal funds anticipated pursuant to BART's full funding grant agreement with the U.S. Department of Transportation (Federal Transportation Administration grant). MTC further agreed to allocate $16.5 million to BART from the Rail Reserve Fund (West Bay Account) for budget items, and utilize a combination of bridge toll revenues and other sources to pay interest and financing costs up to $11.8 million.

On February 12, 2001, MTC and BART executed an Acknowledgement Agreement (the Agreement) which modified the repayment terms of the Loan. Under the Agreement, MTC acknowledged that the FTA grant proceeds, originally pledged to repay the Loan, will be pledged and assigned in favor of bonds (the Bonds) issued by the Association of Bay Area Governments to refinance the Notes and finance the Project. The Agreement confirms BART's obligation to repay the Loan, as set forth in the MOU; however, such repayment will be made from the general resources of BART and subject to the prior pledge in favor of the Bonds.

On June 28, 2006, MTC and BART revised the terms of the $60 million loan agreement. The new agreement extends the $60 million loan to June 30, 2014 with an interest rate of 3 percent.

On November 28, 2007, the MTC Commission authorized the pledging of the then remaining proceeds of the $47 million BART loan receivable balance from the Rail Reserve Fund to BATA. As a result BATA transferred $47 million for their operating cash to the Rail Reserve Fund thereby providing cash flow to the Rail Reserve Fund (East Bay Account) to be used for East Bay rail projects. MTC retains all of its contract protections and enforcement rights against BART until the BART obligations to the East Bay Rail Reserve are satisfied. MTC also retains the legal obligation and responsibility to seek any payment due from BART. The pledge of the $47 million BART loan from MTC to BATA is an Intra-Entity Transfers of Assets which bears an interest rate of 3.0 percent. GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* provides guidance on the accounting and reporting of Intra-Entity Transfers of Assets.

As of June 30, 2010 and 2009, the total loan outstanding with BART is $29 million and $37 million respectively. Remaining payments due under the loan are as follows:

Fiscal Year	Principal Payments	
2011	$	8,000,000
2012		8,000,000
2013		8,000,000
2014		5,000,000
	$	29,000,000

11. RISK MANAGEMENT

MTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. MTC purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the MTC from insurance companies. To date, there have been no significant reductions in any of the MTC's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the past three years.

12. RELATED PARTY TRANSACTIONS

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property. The Condominium Plan establishes the following three owner occupants: BART, MTC and ABAG. RAFC exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common areas and easements. MTC provides management and other staff functions to RAFC through management fees. Fees to RAFC were $300,000 for fiscal years ended June 30, 2010 and 2009. MTC also recorded the return of MTC's portion of the MetroCenter seismic improvement project of $187,489 as revenue in fiscal 2009. MTC currently has a prepaid asset of $281,443 and $294,282 as of June 30, 2010 and 2009, respectively, for funding capital improvement projects of the property.

13. SUBSEQUENT EVENTS

In July 2010, BATA issued $1.5 billion of federally taxable BABs Toll Revenue Bonds under the American Recovery and Reinvestment Act of 2009. These bonds were issued as subordinate debt to BATA's current outstanding bonds. BATA will receive a direct Federal subsidy payment in the amount equal to 35% of the interest expense. The bonds were issued to (i) fund capital projects, (ii) make a cash deposit to the Reserve Fund for the benefit of the 2010 Series S1 Bonds and (iii) pay the costs of issuing the 2010 Series S1 Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule I

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales taxes	$ 9,840,000	$ 8,840,000	$ 8,585,151	$ (254,849)
Grants - Federal	71,648,977	89,519,029	41,200,347	(48,318,682)
Grants - State	5,467,548	5,368,906	1,609,771	(3,759,135)
Local agencies revenues and refunds	6,986,470	7,153,774	3,769,473	(3,384,301)
Investment income - unrestricted	250,000	250,000	22,697	(227,303)
TOTAL REVENUES	94,192,995	111,131,709	55,187,439	(55,944,270)
EXPENDITURES				
General government	110,984,972	120,441,024	57,110,712	63,330,312
Allocations to other agencies	10,783,799	17,708,166	12,023,809	5,684,357
Capital outlay	592,519	592,519	257,094	335,425
TOTAL EXPENDITURES	122,361,290	138,741,709	69,391,615	69,350,094
REVENUES OVER (UNDER) EXPENDITURES	(28,168,295)	(27,610,000)	(14,204,176)	13,405,824
OTHER FINANCING SOURCES (USES)				
Transfers in	25,943,085	26,069,310	17,041,056	(9,028,254)
Transfers out	-	-	(3,095,631)	(3,095,631)
TOTAL OTHER FINANCING SOURCES (USES)	25,943,085	26,069,310	13,945,425	(12,123,885)
NET CHANGE IN FUND BALANCES	(2,225,210)	(1,540,690)	(258,751)	1,281,939
Fund balances - beginning	19,725,132	19,725,132	19,725,132	-
Fund balances - ending	$ 17,499,922	$ 18,184,442	$ 19,466,381	$ 1,281,939

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-AB 664 Net Toll Revenue Reserves Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule II

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 58,126	$ 58,126
TOTAL REVENUES	-	-	58,126	58,126
EXPENDITURES				
General government	-	-	3,604	(3,604)
Allocations to other agencies	43,631,855	44,679,855	11,409,489	33,270,366
TOTAL EXPENDITURES	43,631,855	44,679,855	11,413,093	33,266,762
REVENUES OVER (UNDER) EXPENDITURES	(43,631,855)	(44,679,855)	(11,354,967)	33,324,888
OTHER FINANCING SOURCES (USES)				
Transfers in	9,741,000	10,789,000	10,722,759	(66,241)
Transfers out	-	-	(20,000)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	9,741,000	10,789,000	10,702,759	(86,241)
NET CHANGE IN FUND BALANCES	(33,890,855)	(33,890,855)	(652,208)	33,238,647
Fund balances - beginning	33,890,855	33,890,855	33,890,855	-
Fund balances - ending	$ -	$ -	$ 33,238,647	$ 33,238,647

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-State Transit Assistance Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule III

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ -	$ -	$ 144,121,071	$ 144,121,071
Local agencies revenues and refunds	-	-	1,730,000	1,730,000
Investment income - unrestricted	-	-	565,668	565,668
TOTAL REVENUES	-	-	146,416,739	146,416,739
EXPENDITURES				
Allocations to other agencies	57,400,436	57,400,436	26,679,901	30,720,535
TOTAL EXPENDITURES	57,400,436	57,400,436	26,679,901	30,720,535
REVENUES OVER (UNDER) EXPENDITURES	(57,400,436)	(57,400,436)	119,736,838	177,137,274
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,095,631	3,095,631
Transfers out	-	-	(3,455,305)	(3,455,305)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(359,674)	(359,674)
NET CHANGE IN FUND BALANCES	(57,400,436)	(57,400,436)	119,377,164	176,777,600
Fund balances - beginning	57,676,296	57,676,296	57,676,296	-
Fund balances - ending	$ 275,860	$ 275,860	$ 177,053,460	$ 176,777,600

Metropolitan Transportation Commission
Schedules of Funding Progress (unaudited)
For the Year Ended June 30, 2010 — Schedule IV

Pension Plan (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 54,611,669	$ 61,472,801	$ 6,861,132	88.80%	$ 14,292,965	48.00%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.10%	15,865,270	46.90%
June 30, 2008	67,099,161	74,493,447	7,394,286	90.10%	16,230,948	45.60%

Postemployment Benefits (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	$ -	$ 10,297,911	$ 10,297,911	0%	$ 22,965,687	44.80%
July 1, 2009	7,299,050	12,774,408	5,475,358	57.10%	24,500,000	22.30%
July 1, 2010	9,249,465	20,599,779	11,350,314	44.90%	25,300,000	44.90%

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet - Non-Major Governmental Funds (unaudited)
June 30, 2010

Schedule 1

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents - unrestricted	$ 2,903,358	$ 30,008,760	$ 7,286,420	$ -	$ 167,732	$ 8,836,421	$ 49,202,691
Cash and cash equivalents - restricted	-	-	-	41,768,267	-	-	41,768,267
Investments - unrestricted	-	68,938,715	-	-	-	-	68,938,715
Investments - restricted	-	-	-	52,087,090	-	-	52,087,090
Receivables							
Interest	-	35,458	-	57,419	-	-	92,877
Due from other funds	49,030	-	-	-	-	-	49,030
TOTAL ASSETS	$ 2,952,388	$ 98,982,933	$ 7,286,420	$ 93,912,776	$ 167,732	$ 8,836,421	$ 212,138,670
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenditures	$ 307,327	$ 48,904	$ 51,000	$ -	$ -	$ 573,587	$ 980,818
Due to other funds	7,550	196,907	175,322	-	-	-	379,779
TOTAL LIABILITIES	314,877	245,811	226,322	-	-	573,587	1,360,597
FUND BALANCES							
Restricted for:							
Transportation projects	2,637,511	-	-	-	167,732	8,262,834	11,068,077
Rail projects	-	98,737,122	-	93,912,776	-	-	192,649,898
Committed to:							
Transportation projects	-	-	7,060,098	-	-	-	7,060,098
TOTAL FUND BALANCES	2,637,511	98,737,122	7,060,098	93,912,776	167,732	8,262,834	210,778,073
TOTAL LIABILITIES AND FUND BALANCES	$ 2,952,388	$ 98,982,933	$ 7,286,420	$ 93,912,776	$ 167,732	$ 8,836,421	$ 212,138,670

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds (unaudited)
For the Year Ended June 30, 2010

Schedule 2

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
REVENUES							
Grants - State	$ 3,024,806	$ -	$ -	$ -	$ -	$ -	$ 3,024,806
Local agencies revenues and refunds	-	8,000,000	1,785,714	22,683,000	8,307,441	-	40,776,155
Investment income - unrestricted	3,111	1,294,985	6,784	-	847	9,588	1,315,315
Investment income - restricted	-	-	-	221,925	-	-	221,925
TOTAL REVENUES	3,027,917	9,294,985	1,792,498	22,904,925	8,308,288	9,588	45,338,201
EXPENDITURES							
Current:							
General government	203,061	8,009,251	584,273	2,750	-	1,042,640	9,841,975
Allocations to other agencies	3,232,408	5,173,493	-	-	8,356,326	-	16,762,227
TOTAL EXPENDITURES	3,435,469	13,182,744	584,273	2,750	8,356,326	1,042,640	26,604,202
EXCESS / (DEFICIENCY) OF REVENUES OVER / (UNDER) EXPENDITURES	(407,552)	(3,887,759)	1,208,225	22,902,175	(48,038)	(1,033,052)	18,733,999
OTHER FINANCING SOURCES (USES)							
Transfers in	2,595,030	8,717,093	-	-	-	-	11,312,123
Transfers out	(7,550)	(1,110,000)	(185,484)	-	-	-	(1,303,034)
TOTAL OTHER FINANCING SOURCES (USES)	2,587,480	7,607,093	(185,484)	-	-	-	10,009,089
NET CHANGE IN FUND BALANCES	2,179,928	3,719,334	1,022,741	22,902,175	(48,038)	(1,033,052)	28,743,088
Fund balances - beginning	457,583	95,017,788	6,037,357	71,010,601	215,770	9,295,886	182,034,985
Fund balances - ending	$ 2,637,511	$ 98,737,122	$ 7,060,098	$ 93,912,776	$ 167,732	$ 8,262,834	$ 210,778,073

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-Transit Reserves Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 3

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 3,024,806	$ 3,024,806	$ 3,024,806	$ -
Investment income - unrestricted	-	-	3,111	3,111
TOTAL REVENUES	3,024,806	3,024,806	3,027,917	3,111
EXPENDITURES				
General government	-	-	203,061	(203,061)
Allocations to other agencies	4,323,890	6,028,390	3,232,408	2,795,982
TOTAL EXPENDITURES	4,323,890	6,028,390	3,435,469	2,592,921
REVENUES OVER (UNDER) EXPENDITURES	(1,299,084)	(3,003,584)	(407,552)	2,596,032
OTHER FINANCING SOURCES (USES)				
Transfers in	841,500	2,546,000	2,595,030	49,030
Transfers out	-	-	(7,550)	(7,550)
TOTAL OTHER FINANCING SOURCES (USES)	841,500	2,546,000	2,587,480	41,480
NET CHANGE IN FUND BALANCES	(457,584)	(457,584)	2,179,928	2,637,512
Fund balances - beginning	457,583	457,583	457,583	-
Fund balances - ending	$ (1)	$ (1)	$ 2,637,511	$ 2,637,512

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-Rail Reserves Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule 4

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ 8,000,000	$ 8,000,000	$ -
Investment income - unrestricted	-	-	1,294,985	1,294,985
TOTAL REVENUES	-	8,000,000	9,294,985	1,294,985
EXPENDITURES				
General government	-	8,000,000	8,009,251	(9,251)
Allocations to other agencies	103,188,257	103,931,787	5,173,493	98,758,294
TOTAL EXPENDITURES	103,188,257	111,931,787	13,182,744	98,749,043
REVENUES OVER (UNDER) EXPENDITURES	(103,188,257)	(103,931,787)	(3,887,759)	100,044,028
OTHER FINANCING SOURCES (USES)				
Transfers in	8,170,470	8,914,000	8,717,093	(196,907)
Transfers out	-	-	(1,110,000)	(1,110,000)
TOTAL OTHER FINANCING SOURCES (USES)	8,170,470	8,914,000	7,607,093	(1,306,907)
NET CHANGE IN FUND BALANCES	(95,017,787)	(95,017,787)	3,719,334	98,737,121
Fund balances - beginning	95,017,788	95,017,788	95,017,788	-
Fund balances - ending	$ 1	$ 1	$ 98,737,122	$ 98,737,121

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-Exchange Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 5

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ -	$ 1,785,714	$ 1,785,714
Investment income - unrestricted	-	-	6,784	6,784
TOTAL REVENUES	-	-	1,792,498	1,792,498
EXPENDITURES				
General government	2,652,963	2,652,963	584,273	2,068,690
TOTAL EXPENDITURES	2,652,963	2,652,963	584,273	2,068,690
REVENUES OVER (UNDER) EXPENDITURES	(2,652,963)	(2,652,963)	1,208,225	3,861,188
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(185,484)	(185,484)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(185,484)	(185,484)
NET CHANGE IN FUND BALANCES	(2,652,963)	(2,652,963)	1,022,741	3,675,704
Fund balances - beginning	6,037,357	6,037,357	6,037,357	-
Fund balances - ending	$ 3,384,394	$ 3,384,394	$ 7,060,098	$ 3,675,704

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-BART Car Exchange Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule 6

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 22,683,000	$ 22,683,000	$ 22,683,000	$ -
Investment income - restricted	-	-	221,925	221,925
TOTAL REVENUES	22,683,000	22,683,000	22,904,925	221,925
EXPENDITURES				
General government	-	-	2,750	(2,750)
TOTAL EXPENDITURES	-	-	2,750	(2,750)
NET CHANGE IN FUND BALANCES	22,683,000	22,683,000	22,902,175	219,175
Fund balances - beginning	71,010,601	71,010,601	71,010,601	-
Fund balances - ending	$ 93,693,601	$ 93,693,601	$ 93,912,776	$ 219,175

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-Feeder Bus Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 7

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 10,187,967	$ 10,187,967	$ 8,307,441	$ (1,880,526)
Investment income - unrestricted	-	-	847	847
TOTAL REVENUES	10,187,967	10,187,967	8,308,288	(1,879,679)
EXPENDITURES				
Allocations to other agencies	10,187,967	10,187,967	8,356,326	1,831,641
TOTAL EXPENDITURES	10,187,967	10,187,967	8,356,326	1,831,641
NET CHANGE IN FUND BALANCES	-	-	(48,038)	(48,038)
Fund balances - beginning	215,770	215,770	215,770	-
Fund balances - ending	$ 215,770	$ 215,770	$ 167,732	$ (48,038)

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances-Budget and Actual-Prop 1B Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 8

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 9,588	$ 9,588
TOTAL REVENUES	-	-	9,588	9,588
EXPENDITURES				
General government	9,295,886	9,295,886	1,042,640	8,253,246
TOTAL EXPENDITURES	9,295,886	9,295,886	1,042,640	8,253,246
NET CHANGE IN FUND BALANCES	(9,295,886)	(9,295,886)	(1,033,052)	8,262,834
Fund balances - beginning	9,295,886	9,295,886	9,295,886	-
Fund balances - ending	$ -	$ -	$ 8,262,834	$ 8,262,834

Metropolitan Transportation Commission
Schedule of Expenditures – Governmental Funds (unaudited)
For the Year Ended June 30, 2010 — Schedule 9

Expenditures by natural classification		
Salaries & benefits	$	17,589,490
Travel		89,664
Professional fees		39,832,084
Overhead		3,739,113
Printing & reproduction		123,010
Other		(76,763)
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$	61,296,598
Salaries & benefits - MTC	$	17,589,490
Salaries & benefits - BATA		5,936,313
Salaries & benefits - SAFE		968,737
Total salaries & benefits	$	24,494,540
Overhead - MTC	$	3,739,113
Overhead - SAFE		528,349
Total Overhead	$	4,267,462
(1) General Government Expenditures - by Fund		
General Fund	$	57,110,712
Capital Projects		3,143,246
Special Revenue - Prop 1B		1,042,640
	$	61,296,598

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures – Governmental Funds (unaudited)
For the Year Ended June 30, 2010 — Schedule 10

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 11,130,215	$ 3,548,516	$ -	$ 14,678,731
Benefits	7,511,856	2,303,953	-	9,815,809
Total salaries and benefits	$ 18,642,071	$ 5,852,469	$ -	$ 24,494,540
Reimbursable overhead:**				
Agency Temps		$ 220,949	$ -	$ 220,949
Training		49,165	26,992	76,157
Personnel recruitment		90,684	1,140	91,824
Public hearings		16,027	-	16,027
Advertising		29,572	20,000	49,572
Communications		112,962	1,958	114,920
Utilities		125,430	-	125,430
Meeting room rental		6,119	-	6,119
Equipment rental		3,018	-	3,018
Parking rental		15,079	-	15,079
Storage rental		28,548	-	28,548
Computer maintenance & repair		45,010	-	45,010
Auto expense		17,779	-	17,779
Equipment maintenance & repair		300	-	300
General maintenance		44,613	-	44,613
Janitorial service		123,963	-	123,963
Office supplies		85,534	3,518	89,052
Printing & graphics supplies		40,861	-	40,861
Computer supplies		68,819	-	68,819
Computer software		515,700	-	515,700
Computer hardware		122,796	-	122,796
Furniture & fixtures		7,784	2,373	10,157
Postage & mailing		75,819	-	75,819
Memberships		48,867	23,357	72,224
Library acquisitions & subscriptions		31,107	1,945	33,052
Law library		19,250	-	19,250
Computer time & services		20,025	-	20,025
Advisory member stipend		42,300	82,300	124,600
Audit fees		35,418	263,337	298,755
Newswire service		14,707	-	14,707
Insurance		123,410	-	123,410
Other		-	123,186	123,186
Miscellaneous		-	27,268	27,268
Travel		117,018	123,279	240,297
Professional Fees		138,483	400	138,883
Bldg Maintenance		415,923	-	415,923
Subtotal Indirect Costs		2,853,039	701,053	3,554,092
Carryforward provision for fiscal June 30, 2008		448,302	-	448,302
Depreciation expense		748,510	-	748,510
Total indirect costs including depreciation expense		$ 4,049,851	$ 701,053	$ 4,750,904
Indirect Cost Recovered		$ 10,167,385		
Indirect (Over)/Under Absorbed		$ (265,065)		

*Direct Costs include BATA and SAFE Salaries and Benefits per Indirect Cost Plan for fiscal 2009.

** Overhead distributed to BATA and SAFE per Indirect Cost Plan for fiscal 2010.

Metropolitan Transportation Commission
Schedule of Expenditures – Federal Highway Administration Grant No. 10OWPMTCM (unaudited)
For the Year Ended June 30, 2010 — Schedule 11

	ABAG	MTC	Total
Authorized Expenditures			
Federal	$ 1,041,829	$ 7,037,827	$ 8,079,656
Local Match*	134,980	911,825	1,046,805
Total authorized expenditures	1,176,809	7,949,652	9,126,461
Actual Expenditures *			
Association of Bay Area Governments (ABAG)	1,041,829	-	1,041,829
MTC			
Program No. Program Name			
1112 Implement Public Information Program	-	1,390,822	1,390,822
1113 Support Partnership Board	-	43,530	43,530
1114 Support Advisory Committees	-	99,524	99,524
1121 Develop and Produce the RTP	-	204,121	204,121
1122 Travel Models and Data	-	1,234,575	1,234,575
1123 Corridor Studies - RTP Invest	-	41,877	41,877
1124 Integrate MTS with National & International Transportation	-	390,290	390,290
1125 Non-Motorized Transportation	-	65,979	65,979
1156 Library Services	-	363,576	363,576
1212 Develop MTS Performance Measures	-	194,285	194,285
1225 Transit Trip Planning	-	101,000	101,000
1226 Develop Bicycle Information Strategy	-	15,500	15,500
1229 Refine Regional Transport ERP	-	7,614	7,614
1236 Implement Freeway Management Program	-	247,250	247,250
1311 Develop and Implement Welfare to Work Program	-	96,907	96,907
1412 Air Quality Conformity	-	320,441	320,441
1511 Financial Analysis and Planning	-	100,000	100,000
1512 Federal Programming, Monitoring and TIP Development	-	379,340	379,340
1611 Development of Community Projects	-	365,055	365,055
Total Expenditures	1,041,829	5,661,686	6,703,515
Balance of Federal Highway Administration Grant	$ -	$ 1,376,141	$ 1,376,141

*Expenditures reported at federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 12

		2010
Revenue		
Toll revenues collected	$	466,085,582
Investment income (charge)		(14,874,294)
BABs interest subsidy		18,681,136
Other operating revenues		14,925,959
Transfers from MTC		1,110,000
Other revenues reimbursement		3,239,037
Total revenue		489,167,420
Operating expenses		
Operating expenses - Caltrans		27,225,850
Services and charges - BATA		49,520,281
Total operating before depreciation and amortization		76,746,131
Depreciation and amortization		1,096,872
Total operating expenses		77,843,003
Net operating income		411,324,417
Debt service and financing fees		
Interest expense		224,821,145
Payment on swap termination		80,587,911
Financing fees		14,740,035
Bond issuance costs		2,242,851
Total debt service and financing fees		322,391,942
Income before grants & operating transfers		88,932,475
Caltrans/ other agency operating grants		99,000,000
Operating transfers		
Metropolitan Transportation Commission administrative transfers		4,887,538
Metropolitan Transportation Commission transit transfers		
AB 664 expenses		10,722,759
90% rail expenses		8,717,093
2% transit expenses		2,595,030
Transfers to Regional Measure 2		36,528,747
Total operating transfers		63,451,167
Net income before capital transfers		124,481,308
Capital project transfers		
Regional Measure 1 transfers		49,826,693
Maintenance A transfers		5,430,987
Bridge rehabilitation transfers		2,042,984
Regional Measure 2 transfers		139,483,734
Bridge Seismic transfers		625,757,571
Transfers to other agencies		16,159,163
Total capital transfers		838,701,132
Change in net assets		(714,219,824)
Total net assets/(deficits) - beginning		(3,018,463,286)
Total net assets/(deficits) - ending	$	(3,732,683,110)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund (unaudited), *continued*
For the Year Ended June 30, 2010 — Schedule 12

		2010
Net revenue[1,6]	$	485,493,490
Debt service[2]	$	260,166,145
Debt service coverage[3]		1.87
Debt service coverage - bond covenant requirement		1.20
Net revenue[1,6]	$	485,493,490
Debt service[2], operating transfer and costs[7], financing fees[4]	$	343,788,334
Fixed charge coverage		1.41
Fixed charge coverage - bond covenant requirement		1.00
Net revenue[1,6] plus operations & maintenance reserve	$	635,493,490
Fixed charges[5]	$	338,357,347
Fixed charge coverage		1.88
Fixed charge coverage - bond covenant requirement		1.25
Self insurance reserve	$	50,000,000
Self insurance reserve - bond covenant requirement	$	50,000,000
Operations & maintenance reserve[8]	$	150,000,000

1 Total revenue less Caltrans operating expenses
2 Interest expense plus principal retirement of $35,345,000
3 Based on debt outstanding from May 24, 2001 to November 5, 2009
4 Including BATA service and charges (excluding depreciation) = 1.24
5 Fixed charges comprise debt service, financing fees, and operating transfers (including BATA expense = 1.64)
6 Net revenue includes interest earnings adjusted for the derivative investment charge of $23,551,920. See Note S.
7 Operating transfer and costs include Caltrans maintenance and RM2 operating costs.
8 Minimum required operation & maintenance is $75 million, but currently maintained at $150 million.

Metropolitan Transportation Commission

Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – By Bridge (unaudited)

For the Year Ended June 30, 2010

Schedule 13

	Carquinez Bridge	Benicia - Martinez Bridge	Antioch Bridge	Richmond - San Rafael Bridge	San Francisco - Oakland Bay Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
Operating revenues								
Toll revenues collected	$ 81,501,610	$ 74,627,628	$ 9,498,837	$ 49,084,593	$ 157,455,482	$ 58,242,972	$ 35,674,460	$ 466,085,582 *
Other operating revenues	2,622,216	2,668,208	243,820	1,488,887	5,084,427	1,868,219	950,182	14,925,959
Total operating revenues	84,123,826	77,295,836	9,742,657	50,573,480	162,539,909	60,111,191	36,624,642	481,011,541
Operating expenses								
Operating expenditures incurred by Caltrans	3,847,811	3,727,501	1,474,237	2,559,358	10,195,768	3,122,992	2,298,183	27,225,850
Services and charges	8,634,835	7,906,559	1,006,372	5,200,356	16,681,906	6,170,657	3,779,596	49,380,281
Allocations to other agencies	4,906,298	4,492,492	571,818	2,954,833	9,478,629	3,506,156	2,147,558	28,057,784
Depreciation	191,831	176,261	22,217	115,325	370,647	137,074	83,517	1,096,872
Total operating expenses	17,580,775	16,302,813	3,074,644	10,829,872	36,726,950	12,936,879	8,308,854	105,760,787
Operating income	$ 66,543,051	$ 60,993,023	$ 6,668,013	$ 39,743,608	$ 125,812,959	$ 47,174,312	$ 28,315,788	$ 375,250,754
* Toll revenues by Program								
Regional Measure 1 (RM1)	$ 24,331,343	$ 21,484,375	$ 3,090,341	$ 13,828,216	$ 41,509,967	$ 16,070,990	$ 9,436,289	$ 129,751,521
Regional Measure 2 (RM2)	19,057,158	17,714,805	2,136,215	11,752,427	38,649,493	14,057,639	8,746,234	112,113,971
Seismic Program	38,113,109	35,428,448	4,272,281	23,503,950	77,296,022	28,114,343	17,491,937	224,220,090
Total Toll Revenues	$ 81,501,610	$ 74,627,628	$ 9,498,837	$ 49,084,593	$ 157,455,482	$ 58,242,972	$ 35,674,460	$ 466,085,582

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited)
For the Year Ended June 30, 2010 Schedule 14

County of Alameda		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	13,759,243	51,226,998	54,655,357	$	10,330,884
Receivables - interest		60,000	17,637	60,000		17,637
Total Assets	$	13,819,243	51,244,635	54,715,357	$	10,348,521
Liabilities						
Accounts payable and accrued liabilities	$	834,343	52,316,986	52,586,262	$	565,067
Due to other governments		12,984,900	(1,072,351)	2,129,095		9,783,454
Total Liabilities	$	13,819,243	51,244,635	54,715,357	$	10,348,521
County of Contra Costa						
Assets						
Cash and cash equivalents	$	11,604,459	30,133,125	33,504,706	$	8,232,878
Total Assets	$	11,604,459	30,133,125	33,504,706	$	8,232,878
Liabilities						
Accounts payable and accrued liabilities	$	636,761	32,425,877	32,325,550	$	737,088
Due to other governments		10,967,698	(2,292,752)	1,179,156		7,495,790
Total Liabilities	$	11,604,459	30,133,125	33,504,706	$	8,232,878
County of Marin						
Assets						
Cash and cash equivalents	$	1,583,485	9,266,543	9,074,869	$	1,775,159
Receivables - interest		5,592	1,909	5,592		1,909
Total Assets	$	1,589,077	9,268,452	9,080,461	$	1,777,068
Liabilities						
Accounts payable and accrued liabilities	$	-	8,694,469	8,694,469	$	-
Due to other governments		1,589,077	573,983	385,992		1,777,068
Total Liabilities	$	1,589,077	9,268,452	9,080,461	$	1,777,068
County of Napa						
Assets						
Cash and cash equivalents	$	11,972,992	10,057,141	8,475,294	$	13,554,839
Total Assets	$	11,972,992	10,057,141	8,475,294	$	13,554,839
Liabilities						
Accounts payable and accrued liabilities	$	1,955,970	6,403,700	8,207,036	$	152,634
Due to other governments		10,017,022	3,653,441	268,258		13,402,205
Total Liabilities	$	11,972,992	10,057,141	8,475,294	$	13,554,839

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited), *continued*
For the Year Ended June 30, 2010 — Schedule 14

County of San Francisco		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	1,854,030	33,031,368	33,411,814	$	1,473,584
Total Assets	$	1,854,030	33,031,368	33,411,814	$	1,473,584
Liabilities						
Accounts payable and accrued liabilities	$	326,141	30,536,203	30,668,940	$	193,404
Due to other governments		1,527,889	2,495,165	2,742,874		1,280,180
Total Liabilities	$	1,854,030	33,031,368	33,411,814	$	1,473,584

County of San Mateo		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	1,898,614	29,771,218	29,596,085	$	2,073,747
Receivables - interest		14,509	8,526	14,509		8,526
Total Assets	$	1,913,123	29,779,744	29,610,594	$	2,082,273
Liabilities						
Accounts payable and accrued liabilities	$	52,905	27,579,764	27,126,995	$	505,674
Due to other governments		1,860,218	2,199,980	2,483,599		1,576,599
Total Liabilities	$	1,913,123	29,779,744	29,610,594	$	2,082,273

County of Santa Clara		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	4,396,686	73,335,286	72,692,047	$	5,039,925
Total Assets	$	4,396,686	73,335,286	72,692,047	$	5,039,925
Liabilities						
Accounts payable and accrued liabilities	$	480,192	66,703,306	66,601,303	$	582,195
Due to other governments		3,916,494	6,631,980	6,090,744		4,457,730
Total Liabilities	$	4,396,686	73,335,286	72,692,047	$	5,039,925

County of Solano		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	11,056,180	14,407,715	14,395,348	$	11,068,547
Total Assets	$	11,056,180	14,407,715	14,395,348	$	11,068,547
Liabilities						
Accounts payable and accrued liabilities	$	1,103,341	13,799,521	14,335,619	$	567,243
Due to other governments		9,952,839	608,194	59,729		10,501,304
Total Liabilities	$	11,056,180	14,407,715	14,395,348	$	11,068,547

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited), *continued*
For the Year Ended June 30, 2010 — Schedule 14

County of Sonoma	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and cash equivalents	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
Total Assets	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
Liabilities				
Accounts payable and accrued liabilities	$ 920,525	18,809,825	19,116,306	$ 614,044
Due to other governments	13,163,756	(854,001)	610,218	11,699,537
Total Liabilities	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
AB 1107				
Assets				
Cash and cash equivalents	$ -	58,936,039	58,936,039	$ -
Total Assets	$ -	58,936,039	58,936,039	$ -
Liabilities				
Accounts payable and accrued liabilities	$ -	62,337,717	62,337,717	$ -
Due to other governments	$ -	(3,401,678)	(3,401,678)	$ -
Total Liabilities	$ -	58,936,039	58,936,039	$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 72,209,970	328,121,257	334,468,083	$ 65,863,144
Receivables – interest	80,101	28,072	80,101	28,072
Total Assets	$ 72,290,071	328,149,329	334,548,184	$ 65,891,216
Liabilities				
Accounts payable and accrued liabilities	$ 6,310,178	319,607,368	322,000,197	$ 3,917,349
Due to other governments	65,979,893	8,541,961	12,547,987	61,973,867
Total Liabilities	$ 72,290,071	328,149,329	334,548,184	$ 65,891,216

Metropolitan Transportation Commission
Schedule of Interest Rate Swap Summary – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 15

COUNTERPARTY	SERIES 2001	SERIES 2006	SERIES 2007	SERIES 2008	TOTAL	PERCENTAGE BY COUNTERPARTY	RATINGS (S&P/MOODYS)
Citibank N.A.	$ -	$ 225,000,000	$ 260,000,000	$ 105,355,000	$ 590,355,000	26%	A+/A1
Citigroup Financial Products	75,000,000	-	-	-	75,000,000	3%	A/A3
JP Morgan Chase Bank, N.A.	-	-	-	143,900,000	143,900,000	6%	AA-/Aa1
JP Morgan Chase AAA Enhanced ISDA	-	245,000,000	270,000,000	-	515,000,000	23%	AAA/Aaa
Bank of America, N.A.	-	155,000,000	50,000,000	160,000,000	365,000,000	16%	A+/Aa3
Goldman Sachs Mitsui Marine Derivative Products	-	60,000,000	85,000,000	-	145,000,000	7%	AAA/Aa1
Bank of New York Mellon	-	-	210,000,000	146,445,000	356,445,000	16%	AA/Aaa
Morgan Stanley Capital Services	75,000,000	-	-	-	75,000,000	3%	A/A2
Total Swap Notional	$ 150,000,000	$ 685,000,000	$ 875,000,000	$ 555,700,000	$ 2,265,700,000		

Termination Value	$ (42,995,929)	$ (126,013,105)	$ (170,756,379)	$ 10,328,500	$ (329,436,913)

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2001 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 16

	SERIES A-2001	SERIES A-2001	TOTAL
Notional Amount	$ 75,000,000	$ 75,000,000	$ 150,000,000
Trade Date	1/10/2002	1/10/2002	
Effective Date	1/14/2002	1/14/2002	
Swap Mode	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	
Maturity	4/1/2036	4/1/2036	
Basis Cost	Yes	Yes	
Swap Cost	4.09%	4.10%	
Counterparty (CP)	Morgan Stanley Capital Services	Citigroup Financial Products	
S&P/Moodys	A/A2	A/A3	
Ratings Outlook/Watch	Negative	Negative/Stable	
Termination Value Due from/(to) CP	$ (21,437,457)	$ (21,558,472)	$ (42,995,929)
Credit Risk			
CP Collateral Posting (2)			
1a) CP="A-", "A", or " A+" (S&P)	Yes	Yes	
or			
1b) CP ="A3","A2", or "A1" (Moodys)	Yes	Yes	
and			
2) Termination Value >$10 million	No	No	
CP Collateral Posting (2)			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moodys)	No	No	
and			
2) Termination Value > $0	No	No	
Ratings Termination Risk (3)			
SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	
Tax Risk	Yes	Yes	
Rollover Risk	No	No	
Amortization Risk	No	No	

(1) prior to 1/1/06 was cost of fund
(2) unilateral collateral posting by cp
(3) unilateral termination at BATA's discretion

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2006 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 17

	SERIES 2006	SERIES 2006	SERIES 2006	SERIES 2006	SERIES 2006	TOTAL
Notional Amount	$ 245,000,000	$ 225,000,000	$ 30,000,000	$ 60,000,000	$ 125,000,000	$ 685,000,000
Trade Date	5/16/2006 (5)	11/15/2005	11/15/2005	8/28/2008	9/2/2008	
Effective Date	2/8/2006	2/8/2006	2/8/2006	8/28/2008	9/2/2008	
Swap Mode	67.8% 10 Yr LIBOR CMS (1) 75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Basis Cost	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4%	3.64%	3.63%	3.64%	3.64%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank, N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of America, N.A.	
S&P/Moodys	AAA/Aaa	A+/A1	A+/Aa3	AAA/Aa1	A+/Aa3	
Ratings Outlook/Watch	None	Negative/Stable	Negative/Stable	Negative/None	Negative/Stable	
Termination Value Due from/(to) CP	$ (41,516,689)	$ (38,415,243)	$ (6,388,049)	$ (12,873,446)	$ (26,819,678)	$ (126,013,105)
Credit Risk						
CP Collateral Posting (2)						
1a) CP = "A-", "A", or "A+" (S&P) or	(3)	Yes	Yes	No	Yes	
1b) CP = "A3", "A2", or "A1" (Moodys) and	(3)	Yes	No	No	No	
2) Termination Value >$10 million	(3)	No	No	No	No	
CP Collateral Posting (2)						
1c) CP < A- (S&P) or	(3)	No	No	No	No	
1d) CP < A3 (Moodys) and	(3)	No	No	No	No	
2) Termination Value >$0	(3)	No	No	No	No	
Collateral Posted by CP	(3)					
Ratings Termination Risk (4) SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	Yes	

(1) amended on 6/1/06 from 75.105% one month libor; swap mode is in 2 legs, converts back to 75.105% one month libor on 4/1/36
(2) unilateral collateral posting by CP
(3) collateral posted by cp under terms and conditions of JPM AAA Enhanced ISDA; $0 threshold regardless of ratings; collateral posted as of June 30, 2010 was approximately $132,895
(4) unilateral termination at BATA's discretion
(5) original trade date was 11/15/2005, agreement amended on 5/16/06

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2007 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 18

	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	Total
Notional Amount	$ 270,000,000	$ 260,000,000	$ 50,000,000	$ 85,000,000	$ 170,000,000	$ 40,000,000	$ 875,000,000
Trade Date	5/16/2006 (5)	11/30/2005	11/30/2005	8/28/2008	9/2/2008	9/2/2008	
Effective Date	11/1/2007	11/1/2007	11/1/2007	8/28/2008	9/2/2008	9/2/2008	
Swap Mode	69.33% 5 Yr LIBOR CMS (1) 75.08% One Mth LIBOR	53.8% One Mth LIBOR + 0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68 % One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2046	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4%	3.64%	3.63%	3.64%	3.64%	3.64%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of New York Mellon	Bank of New York Mellon	
S&P/Moodys	AAA/Aaa	A+/A1	A+/Aa3	AAA/Aa1	AA/Aaa	AA/Aaa	
Ratings Outlook	None	Negative/Stable	Negative/Stable	Negative/None	Stable	Stable	
Termination Value Due from/ (to) CP	$ (50,762,111)	$ (45,120,116)	$ (10,768,874)	$ (18,470,862)	$ (36,941,547)	$ (8,692,869)	$ (170,756,379)
Credit Risk							
CP Collateral Posting (2)							
1a) CP = "A-", "A", or "A+" (S&P)	(3)	Yes	Yes	No	No	No	
or							
1b) CP = "A3", "A2", or "A1" (Moodys)	(3)	Yes	No	No	No	No	
and							
2) Termination Value > $10 million	(3)	No	No	No	No	No	
CP Collateral Posting (2)							
1c) CP < A- (S&P)	(3)	No	No	No	No	No	
or							
1d) CP < A3 (Moodys)	(3)	No	No	No	No	No	
and							
2) Termination Value > $0	(3)	No	No	No	No	No	
Collateral Posted by CP	(3)						
Termination Risk (4)							
SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	Yes	Yes	

(1) amended on 6/1/06 from 75.08% one month libor; swap mode is in 2 legs, converts back to 75.08% one month libor on 4/1/2041
(2) unilateral collateral posting by CP
(3) collateral posted by cp under terms and conditions of JPM AAA Enhanced ISDA; $0 threshold regardless of ratings; collateral posted as of June 30, 2010 was approximately $132,895
(4) unilateral termination at BATA's discretion
(5) original trade date was 11/30/05, the original agreement date was amended on 5/16/06

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2008 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 19

	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	Total
Notional Amount	$ 143,900,000	$ 146,445,000	$ 105,355,000	$ 160,000,000	$ 555,700,000
Trade Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Effective Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Swap Fix Receiver Rate	3.90%	4.04%	3.97%	4.01%	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2045	
Basis Cost	No	No	No	No	
Swap Payer Index	SIFMA	SIFMA	SIFMA	SIFMA	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Bank of New York Mellon	Citibank N.A.	Bank of America, N.A.	
S&P/Moodys	AA-/Aa1	AA/Aaa	A+/A1	A+/Aa3	
Ratings Outlook	Negative	Stable	Stable	Negative/Stable	
Termination Value Due from/(to) CP	$ 2,730,916	$ 2,872,840	$ 1,666,486	$ 3,058,258	$ 10,328,500
Credit Risk					
CP Collateral Posting (1)					
1a) CP = "A-", "A", or "A+" (S&P)	No	No	Yes	Yes	
or					
1b) CP = "A3", "A2", or "A1" (Moodys)	No	No	Yes	No	
and					
2) Termination Value > $10 million	No	No	No	No	
CP Collateral Posting (1)					
1c) CP < A- (S&P)	No	No	No	No	
or					
1d) CP < A3 (Moodys)	No	No	No	No	
and					
2) Termination Value > $0	Yes	Yes	Yes	Yes	
Ratings Termination Risk (2)					
SR Bond Ratings (S&P or Moodys)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	

(1) unilateral collateral posting by CP

(2) unilateral termination at BATA's discretion with 15 days notice; CP has one time termination option on 4/1/2011

STATISTICAL SECTION

This part of the MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information. Some tables are not presented with 10 years of data as the information was not available for these periods.

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Metropolitan Transportation Commission
Net Assets (deficit) by Component ($000) (unaudited)
By Fiscal Year

Table 1

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008*	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	$ 3,466	$ 3,145	$ 2,946	$ 6,051	$ 5,827	$ 6,015	$ 8,768	$ 8,393	$ 7,936
Restricted	101,516	123,408	116,532	104,451	117,117	157,234	337,420	329,243	467,544
Unrestricted	63,366	37,499	35,169	49,795	50,970	130,205	(33,269)	(29,911)	(21,259)
Total governmental activities net assets	$ 168,348	$ 164,052	$ 154,647	$ 160,297	$ 173,914	$ 293,454	$ 312,919	$ 307,725	$ 454,221
Business-type activities									
Invested in capital assets, net of related debt	$ 1,274	$ 2,137	$ 1,886	$ 4,895	$ 5,539	$ 5,596	$ 8,206	$ 12,779	18,199
Restricted	125,000	130,000	175,000	257,670	643,444	691,735	338,458	293,873	200,000
Unrestricted	288,981	40,210	(320,399)	(592,302)	(1,914,340)	(2,347,410)	(2,549,520)	(3,304,407)	(3,932,296)
Total business-type activities net assets	$ 415,255	$ 172,347	$ (143,513)	$ (329,737)	$ (1,265,357)	$ (1,650,079)	$ (2,202,856)	$ (2,997,755)	$ (3,714,097)
Total Primary government									
Invested in capital assets, net of related debt	$ 4,740	$ 5,282	$ 4,832	$ 10,946	$ 11,366	$ 11,611	$ 16,974	$ 21,172	$ 26,135
Restricted	226,516	253,408	291,532	362,121	760,560	848,969	675,878	623,116	667,544
Unrestricted	352,347	77,709	(285,230)	(542,507)	(1,863,369)	(2,217,205)	(2,582,789)	(3,334,318)	(3,953,555)
Total primary government net assets	$ 583,603	$ 336,399	$ 11,134	$ (169,440)	$ (1,091,443)	$ (1,356,625)	$ (1,889,937)	$ (2,690,030)	$ (3,259,876)

*Note: Fiscal years 2002 through 2007 have not been restated per GASB 54.

Metropolitan Transportation Commission
Changes in Net Assets ($000) (unaudited)
By Fiscal Year

Table 2

	FISCAL			YEAR					
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	$ 45,895	$ 48,571	$ 47,238	$ 47,452	$ 63,297	$ 93,884	$ 85,203	$ 86,672	$ 97,260
Transportation	92,787	105,152	81,873	71,885	87,731	145,647	152,999	99,154	54,852
Total governmental activities expenses	138,682	153,723	129,111	119,337	151,028	239,531	238,202	185,826	152,112
Business-type activities:									
Toll bridge activities	347,030	390,063	451,930	433,703	617,546	1,155,916	1,234,968	1,299,135	1,266,614
Congestion relief	9,251	10,376	10,869	11,789	12,402	16,892	13,675	14,363	17,309
Total business-type activities expenses	356,281	400,439	462,799	445,492	629,948	1,172,808	1,248,643	1,313,498	1,283,923
Total primary government expenses	$ 494,963	$ 554,162	$ 591,910	$ 564,829	$ 780,976	$ 1,412,339	$ 1,486,845	$ 1,499,324	$ 1,436,035
Program Revenues									
Governmental activities:									
Charges for services									
Operating grants and contributions	$ 47,069	$ 48,068	$ 49,974	$ 50,165	$ 57,641	$ 320,311	$ 207,496	$ 85,048	$ 249,436
Capital grants and contributions	64,473	72,345	42,344	44,957	70,770	-	9,858	61,796	10,673
Total governmental activities program revenues	111,542	120,413	92,318	95,122	128,411	320,311	217,354	146,844	260,109
Business-type activities:									
Charges for services	150,128	151,914	152,937	256,466	293,000	434,341	497,712	492,963	486,889
Operating grants and contributions	7,068	7,074	6,718	8,130	8,868	283,082	110,372	53,490	131,872
Capital grants and contributions	-	-	-	-	499,403	1,235	-	-	-
Total business-type activities program revenues	157,196	158,988	159,655	264,596	801,271	718,658	608,084	546,453	618,761
Total primary government program revenues	$ 268,738	$ 279,401	$ 251,973	$ 359,718	$ 929,682	$ 1,038,969	$ 825,438	$ 693,297	$ 878,870
Net (expense)/revenue									
Governmental activities	$ (27,140)	$ (33,310)	$ (36,793)	$ (24,215)	$ (22,617)	$ 80,780	$ (20,848)	$ (38,982)	$ 107,997
Business-type activities	(199,085)	(241,451)	(303,144)	(180,896)	171,323	(454,150)	(640,559)	(767,045)	(665,162)
Total primary government net expense	$ (226,225)	$ (274,761)	$ (339,937)	$ (205,111)	$ 148,706	$ (373,370)	$ (661,407)	$ (806,027)	$ (557,165)

Metropolitan Transportation Commission
Changes in Net Assets ($000) (unaudited), *continued*
By Fiscal Year

Table 2

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Restricted investment earnings	$ 4,375	$ 1,764	$ 1,090	$ 2,791	$ 3,996	$ 9,498	$ 1,454	$ 784	$ 222
Unrestricted investment earnings	-	-	-	-	-	1,410	9,936	5,002	1,963
Transfers	27,013	27,250	26,298	27,074	32,238	27,852	28,922	28,003	36,314
Total governmental activities	31,388	29,014	27,388	29,865	36,234	38,760	40,312	33,789	38,499
Business-type activities:									
Unrestricted investment earnings	45,598	25,793	11,185	21,746	44,857	97,280	116,704	149	(14,866)
Contributed capital	-	-	2,397	-	-	-	-	-	-
Extraordinary item	-	-	-	-	(1,119,562)	-	-	-	-
Transfers	(27,013)	(27,250)	(26,298)	(27,074)	(32,238)	(27,852)	(28,922)	(28,003)	(36,314)
Total business-type activities	18,585	(1,457)	(12,716)	(5,328)	(1,106,943)	69,428	87,782	(27,854)	(51,180)
Total primary government	$ 49,973	$ 27,557	$ 14,672	$ 24,537	$ (1,070,709)	$ 108,188	$ 128,094	$ 5,935	$ (12,681)
Change in Net Assets									
Governmental activities	$ 4,248	$ (4,296)	$ (9,405)	$ 5,650	$ 13,617	$ 119,540	$ 19,465	$ (5,194)	$ 146,496
Business-type activities	(180,500)	(242,908)	(315,860)	(186,224)	(935,620)	(384,722)	(552,777)	(794,899)	(716,342)
Total primary government	$ (176,252)	$ (247,204)	$ (325,265)	$ (180,574)	$ (922,003)	$ (265,182)	$ (533,312)	$ (800,093)	$ (569,846)

Metropolitan Transportation Commission
Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 3

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008*	2009	2010
General fund									
Reserved	$ 15,989	$ 25,259	$ 20,310	$ 15,647	$ 15,186	$ 13,949	$ -	$ -	$ -
Unreserved	13,245	1,953	4,133	5,591	8,832	12,870	-	-	-
Total general fund	$ 29,234	$ 27,212	$ 24,443	$ 21,238	$ 24,018	$ 26,819	$ -	$ -	$ -
All other governmental funds									
Reserved	$ 53,087	$ 58,214	$ 48,413	$ 43,938	$ 44,931	$ 97,455	$ -	$ -	$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	96	-	-	-
Special revenue funds	50,194	35,601	31,072	35,032	44,556	117,239	-	-	-
Total all other governmental funds	$ 103,281	$ 93,815	$ 79,485	$ 78,970	$ 89,487	$ 214,790	$ -	$ -	$ -
General fund									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 408	$ 593	$ 763
Restricted for	-	-	-	-	-	-	4,175	5,086	2,734
Committed to	-	-	-	-	-	-	3,002	3,836	4,960
Unassigned	-	-	-	-	-	-	11,676	10,210	11,009
Total general fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,261	$ 19,725	$ 19,466
All other governmental funds									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for	-	-	-	-	-	-	272,730	268,794	415,129
Committed to	-	-	-	-	-	-	7,372	6,550	7,573
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 280,102	$ 275,344	$ 422,702

*Note: Fiscal years 2002 through 2007 have not been restated per GASB 54.

Metropolitan Transportation Commission
Changes in Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 4

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Sales taxes	$ 9,326	$ 8,903	$ 9,087	$ 9,562	$ 10,355	$ 10,626	$ 10,800	$ 9,848	$ 8,824
Grants - Federal	24,334	28,129	30,979	32,568	37,452	44,211	50,727	41,426	63,559
Grants - State	71,062	77,009	45,821	47,339	74,084	227,809	127,565	61,796	148,976
Local agencies revenues and refunds	6,819	6,372	6,430	5,653	6,520	37,666	33,039	33,774	46,755
Investment income - unrestricted	4,375	1,764	1,090	2,791	3,997	9,498	11,346	5,002	1,963
Investment income - restricted	-	-	-	-	-	-	1,454	783	222
Total revenues	115,916	122,177	93,407	97,913	132,408	329,810	234,931	152,629	270,299
Expenditures									
General government	45,502	48,211	44,958	38,805	49,945	59,182	74,153	64,358	70,100
Allocation to other agencies	100,528	112,648	91,680	81,185	95,765	156,210	163,201	107,027	66,875
Capital outlay	209	56	166	10,540	5,639	14,166	15,744	13,542	22,538
Total expenditures	146,239	160,915	136,804	130,530	151,349	229,558	253,098	184,927	159,513
Excess of revenues over (under) expenditures	(30,323)	(38,738)	(43,397)	(32,617)	(18,941)	100,252	(18,167)	(32,298)	110,786
Other financing sources (uses)									
Other financing source	-	-	-	-	-	-	47,000	-	-
Transfer in	35,875	31,378	29,964	29,375	35,980	42,543	49,778	57,683	44,195
Transfer out	(8,863)	(4,127)	(3,666)	(2,300)	(3,742)	(14,691)	(20,856)	(29,680)	(7,881)
Total other financing sources (uses)	27,012	27,251	26,298	27,075	32,238	27,852	75,922	28,003	36,314
Net change in fund balances	$ (3,311)	$ (11,487)	$ (17,099)	$ (5,542)	$ 13,297	$ 128,104	$ 57,755	$ (4,295)	$ 147,100

Metropolitan Transportation Commission
Primary Government Revenues (unaudited)
By Fiscal Year

Table 5

		PROGRAM REVENUES			GENERAL REVENUES		
Fiscal Year		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Restricted Investment Earnings	Unrestricted Investment Earnings	Total
2001	1	$ 150,759,047	$ 38,906,141	$ 44,648,314	$ -	$ 50,626,342	$ 284,939,844
2002		150,127,560	44,810,738	64,472,632	-	49,973,084	309,384,014
2003	2	151,914,404	46,238,665	72,344,529	-	27,557,608	298,055,206
2004		152,936,898	47,604,184	42,343,900	-	12,274,572	255,159,554
2005	3	256,466,211	48,732,356	44,957,468	-	24,537,489	374,693,524
2006	4	292,999,899	66,509,695	570,172,943	-	48,853,834	978,536,371
2007	5	434,341,478	603,392,696	1,234,760	1,410,000	106,778,738	1,147,157,672
2008	6	497,712,304	317,868,256	9,858,000	1,454,256	126,640,261	953,533,077
2009	7	492,963,040	200,334,018	-	783,516	5,150,515	699,231,089
2010	8	486,888,891	381,308,169	10,672,699	221,925	(12,903,019)	866,188,665

1 Excludes $400 million bond proceeds
2 Excludes $300 million bond proceeds
3 Excludes $300 million bond proceeds
4 Excludes $2,149 million bond proceeds
5 Excludes $811 million bond proceeds
6 Excludes $1,008 million bond proceeds
7 Excludes $708 million bond proceeds
8 Excludes $2,069 billion bond proceeds

Metropolitan Transportation Commission
Primary Government Expenses by Function (unaudited)
By Fiscal Year

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Total
2001	$ 38,845,325	$ 58,179,156	$ 277,944,435	$ 9,618,902	$ 384,587,818
2002	45,894,987	92,787,010	347,029,659	9,251,327	494,962,983
2003	48,570,719	105,152,624	390,063,272	10,375,587	554,162,202
2004	47,237,837	81,873,193	451,929,595	10,869,417	591,910,042
2005	47,451,629	71,885,313	433,703,072	11,788,922	564,828,936
2006	63,297,372	87,731,178	617,546,375	12,401,445	780,976,370
2007	93,884,140	145,646,986	1,155,916,387	16,891,976	1,412,339,489
2008	85,202,758	152,998,857	1,234,968,178	13,675,326	1,486,845,119
2009	86,671,886	99,153,429	1,299,135,147	14,363,137	1,499,323,599
2010	97,259,761	54,851,617	1,266,614,630	17,309,069	1,436,035,077

Metropolitan Transportation Commission
Toll Revenues – By Bridge (unaudited)
By Fiscal Year

Table 7

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Revenue
2002	$ 48,549,475	$ 15,887,162	$ 11,548,514	$ 26,948,118	$ 21,490,553	$ 3,369,095	$ 14,544,342	$ 142,337,259
2003	48,788,086	16,689,764	11,114,225	27,475,268	21,792,680	3,422,296	14,917,557	144,199,876
2004	48,359,687	17,798,598	10,849,858	27,665,208	22,070,380	3,618,949	14,813,522	145,176,202
2005	85,879,816	30,369,927	18,559,373	46,458,835	36,529,638	5,850,611	24,492,701	248,140,901
2006	94,092,670	35,638,094	21,839,387	51,766,708	41,578,791	6,675,489	28,685,717	280,276,856
2007	141,806,435	53,621,361	33,662,371	77,320,278	62,637,940	9,905,926	43,400,541	422,354,852
2008	161,335,048	59,628,110	37,589,986	85,225,636	73,663,301	10,545,060	49,389,963	477,377,104
2009	163,424,734	56,451,232	35,491,342	83,121,692	73,535,614	9,848,575	48,263,187	470,136,376
2010	157,455,482	58,242,972	35,674,460	81,501,610	74,627,628	9,498,837	49,084,593	466,085,582

Metropolitan Transportation Commission
Paid and Free Vehicles – By Bridge (in Number of Vehicles) (unaudited)
By Fiscal Year

Table 8

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2002	50,081,390	15,183,309	12,275,888	23,135,711	18,412,461	2,480,315	13,036,822	134,605,896
2003	49,412,655	15,771,699	11,539,424	23,305,920	18,517,754	2,522,697	13,062,238	134,132,387
2004	49,181,230	16,716,970	11,182,599	23,610,150	18,775,231	2,659,370	13,036,614	135,162,164
2005	48,092,917	16,551,900	10,779,979	23,103,224	18,261,679	2,676,269	12,544,235	132,010,203
2006	46,253,979	16,948,414	10,957,158	22,709,571	18,292,428	2,687,915	12,645,557	130,495,022
2007	45,568,951	16,901,880	11,108,116	22,762,879	18,230,344	2,729,276	12,664,782	129,966,228
2008	45,139,513	16,376,583	10,767,813	21,795,287	18,508,003	2,559,936	12,528,248	127,675,383
2009	45,568,253	15,466,520	10,214,522	21,091,173	18,295,365	2,345,007	12,215,518	125,196,358
2010	43,579,404	15,808,435	10,135,134	20,517,470	18,581,186	2,263,717	12,383,708	123,269,054

Metropolitan Transportation Commission
Average Toll Rate Revenues ($000) – By Bridge (unaudited)
By Fiscal Year — Table 9

Fiscal Year	Antioch	Benicia-Martinez	Carquinez	Richmond	San Mateo-Hayward	Dumbarton	San Francisco-Oakland
2002							
No. of Paid Vehicles	2,325	17,733	21,678	12,468	13,726	10,779	45,118
Average Toll Rate	$ 1.45	$ 1.21	$ 1.24	$ 1.17	$ 1.16	$ 1.07	$ 1.08
Total Revenue	$ 3,369	$ 21,491	$ 26,948	$ 14,544	$ 15,887	$ 11,549	$ 48,549
2003							
No. of Paid Vehicles	2,354	17,794	21,824	12,513	14,343	10,224	44,996
Average Toll Rate	$ 1.45	$ 1.22	$ 1.26	$ 1.19	$ 1.16	$ 1.09	$ 1.08
Total Revenue	$ 3,422	$ 21,793	$ 27,475	$ 14,918	$ 16,690	$ 11,114	$ 48,788
2004							
No. of Paid Vehicles	2,478	17,988	22,054	12,399	15,201	9,977	44,646
Average Toll Rate	$ 1.46	$ 1.23	$ 1.25	$ 1.19	$ 1.17	$ 1.09	$ 1.08
Total Revenue	$ 3,619	$ 22,070	$ 27,665	$ 14,814	$ 17,799	$ 10,850	$ 48,360
2005							
No. of Paid Vehicles	2,472	17,116	21,344	11,758	14,790	9,298	43,357
Average Toll Rate	$ 2.37	$ 2.13	$ 2.18	$ 2.08	$ 2.05	$ 2.00	$ 1.98
Total Revenue	$ 5,851	$ 36,530	$ 46,459	$ 24,493	$ 30,370	$ 18,559	$ 85,880
2006							
No. of Paid Vehicles	2,479	17,071	20,914	11,908	15,131	9,529	41,265
Average Toll Rate	$ 2.69	$ 2.44	$ 2.48	$ 2.41	$ 2.36	$ 2.29	$ 2.28
Total Revenue	$ 6,675	$ 41,579	$ 51,767	$ 28,686	$ 35,638	$ 21,839	$ 94,093
2007							
No. of Paid Vehicles	2,517	16,975	20,722	11,913	14,881	9,516	40,134
Average Toll Rate	$ 3.94	$ 3.69	$ 3.73	$ 3.64	$ 3.60	$ 3.54	$ 3.53
Total Revenue	$ 9,906	$ 62,638	$ 77,320	$ 43,401	$ 53,621	$ 33,662	$ 141,807
2008							
No. of Paid Vehicles	2,366	17,440	19,875	11,782	14,358	9,194	39,555
Average Toll Rate	$ 4.46	$ 4.22	$ 4.29	$ 4.19	$ 4.15	$ 4.09	$ 4.08
Total Revenue	$ 10,545	$ 73,663	$ 85,226	$ 49,390	$ 59,628	$ 37,590	$ 161,335
2009							
No. of Paid Vehicles	2,208	17,426	19,441	11,542	13,629	8,708	40,118
Average Toll Rate	$ 4.46	$ 4.22	$ 4.28	$ 4.18	$ 4.14	$ 4.08	$ 4.07
Total Revenue	$ 9,849	$ 73,536	$ 83,122	$ 48,263	$ 56,451	$ 35,491	$ 163,425
2010							
No. of Paid Vehicles	2,136	17,715	19,057	11,752	14,058	8,746	38,649
Average Toll Rate	$ 4.45	$ 4.22	$ 4.28	$ 4.18	$ 4.15	$ 4.08	$ 4.08
Total Revenue	$ 9,499	$ 74,628	$ 81,502	$ 49,085	$ 58,243	$ 35,674	$ 157,455

Metropolitan Transportation Commission
Ratios of General Bonded Debt Outstanding (unaudited)
By Fiscal Year

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Toll Revenue	Per Toll Vehicle
2002	$ 400,000,000	$ -	$ 400,000,000	$ 142,337,259	$ 2.97
2003	700,000,000	-	700,000,000	144,199,876	5.22
2004	700,000,000	-	700,000,000	145,176,202	5.18
2005	1,000,000,000	-	1,000,000,000	248,140,901	7.58
2006	3,143,420,000	24,148,268	3,119,271,732	280,276,856	23.90
2007	3,863,250,000	24,148,268	3,839,101,732	422,354,852	29.54
2008	4,328,390,000	238,449,821	4,089,940,179	477,377,104	32.03
2009	4,338,155,000	282,727,772	4,055,427,228	470,136,376	32.39
2010	5,595,125,000	358,975,732	5,236,149,268	466,085,582	42.48

Notes:
*No Debt prior to 2001

Metropolitan Transportation Commission
Pledged-Revenue Coverage (unaudited)
By Fiscal Year

Table 11

	Toll Revenue Bonds					
				Debt Service		
Fiscal Year	Toll Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	$ 142,337,259	$ 32,433,627	$ 109,903,632	$ -	$ 13,357,928	8.23
2003	144,199,876	38,836,593	105,363,283	-	20,440,983	5.15
2004	145,176,202	48,028,344	97,147,858	-	26,663,420	3.64
2005	248,140,901	54,371,891	193,769,010	-	35,373,668	5.48
2006	280,276,856	81,589,254	198,687,602	5,785,000	63,146,496	2.88
2007	422,354,852	100,926,883	321,427,969	29,705,000	131,438,684	1.99
2008	477,377,104	101,090,539	376,286,565	42,620,000	191,859,414	1.60
2009	470,136,376	101,572,555	368,563,821	40,865,000	197,742,351	1.54
2010	466,085,582	105,760,787	360,324,795	35,345,000	224,821,145	1.39

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2010 — Table 12

Date of Incorporation		1970
Form of Government		Commissioners with Appointed Executive Director
Number of Commissioners		16 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)		166
Type of Tax Support		3.5 % of TDA Sales Tax
Region in Which Commission Operates		San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistic Area including San Benito & Santa Cruz
Number of Counties in the Region		9
Area of Authority in Square Miles		6,980
Population of Region in Which Commission Operates		7,459,858
Number of Toll Bridges in the Region		8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge Highway District)		123,269,054
Toll Revenues (excluding Golden Gate Bridge Highway District)	$	466,085,582
Number of Call Boxes in the Region		2,311

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)
Last Ten Calendar Years — Table 13

Year	Population[1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2001	6,861,500	N/A	N/A	980,475	4.06%
2002	6,936,700	N/A	N/A	972,766	6.47%
2003	6,994,500	N/A	N/A	976,025	6.46%
2004	7,009,400	N/A	N/A	974,281	5.30%
2005	7,096,575	N/A	N/A	973,751	4.49%
2006	7,126,284	N/A	N/A	971,392	4.61%
2007	7,204,492	N/A	N/A	970,721	4.19%
2008	7,301,080	N/A	N/A	974,089	5.81%
2009	7,375,678	N/A	N/A	978,117	10.58%
2010	7,459,858	N/A	N/A	N/A	10.77%

Data Sources

1 State of California, Dept. of Finance, Demographic Research Unit

2 Bureau of Census

3 California Department of Education

4 State of California, Employment Development Department

5 Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function (unaudited)
Last Ten Fiscal Years

Table 14

Functions	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
General government	58	58	56	55	56	65	65	66	66	63
Transportation	58	58	59	59	58	68	68	67	67	67
Business-type Activities										
Toll bridge activities	8	8	9	9	10	30	30	33	33	33
Congestion relief	5	5	5	6	6	6	6	4	4	5
	129	129	129	129	130	169	169	170	170	168

Metropolitan Transportation Commission
Ratio of Retiree Medical Premium to Covered Payroll (unaudited)
By Fiscal Year

Table 15

Fiscal Year	Retiree Premiums	Covered Payroll *	% of Covered Payroll
2001	$ 99,109	$ 9,035,190	1.10%
2002	120,377	10,346,350	1.20%
2003	152,096	11,177,301	1.40%
2004	217,975	11,289,637	1.90%
2005	268,105	11,694,664	2.30%
2006	308,512	12,687,014	2.40%
2007	353,378	15,193,161	2.30%
2008	428,810	16,122,962	2.70%
2009	452,003	16,711,761	2.70%
2010	501,102	17,011,660	2.95%

* From MTC records

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

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Set forth below are definitions of certain terms used elsewhere in the Information Statement or the most recent supplement thereto. In addition, this APPENDIX B includes a summary of certain provisions of the Master Indenture, dated as of May 1, 2001, as supplemented, including as supplemented by the Sixteenth Supplemental Indenture, dated as of October 1, 2010 (hereinafter collectively referred to as the "Senior Indenture"), between the Bay Area Toll Authority and Union Bank, N. A., as trustee.

This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Senior Indenture. This summary does not repeat information set forth in the Information Statement, or any Supplement to the Information Statement, concerning terms (such as interest rates and maturities), redemption provisions, and certain other features of any particular series of the Senior Bonds that are described in the most recent Supplement to the Information Statement that describes that series of the Senior Bonds . See also "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" in the Information Statement for information about the security and sources of payment for Senior Bonds.

The Authority has various Series of Outstanding Senior Bonds that currently bear interest at the Weekly Rate, determined in accordance with the provisions of the Senior Indenture. Upon satisfaction of certain conditions set forth in the Senior Indenture, the Senior Bonds of such Series may bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate). THIS APPENDIX B IS NOT INTENDED TO PROVIDE INFORMATION ABOUT SUCH SERIES OF SENIOR BONDS AFTER CONVERSION TO ANOTHER INTEREST RATE DETERMINATION METHOD (EXCEPT WITH RESPECT TO THE CONVERSION OF ANY SUCH SERIES OF SENIOR BONDS TO A DAILY RATE).

DEFINITIONS

"AB 664 Net Toll Revenue Reserves" means the funds generated from a toll increase on the three Bay Area Bridges which comprise the Southern Bridge Group, enacted by legislation referred to as "AB 664," which took effect in 1977, which funds are transferred by the Authority to MTC on an annual basis and allocated by MTC to capital projects that further development of public transit in the vicinity of the three Bay Area Bridges which comprise the Southern Bridge Group.

"Act" means Chapter 4, Chapter 4.3 and Chapter 4.5 of Division 17 of the California Streets and Highways Code and the Revenue Bond Law of 1941, as each may be amended from time to time hereafter.

"Annual Debt Service" means, at any point in time, with respect to Senior Bonds then Outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption) and sinking fund payments required to be paid in the then current Fiscal Year on all Outstanding Senior Bonds, as calculated by the Authority in accordance with this definition. For purposes of calculating Annual Debt Service and Maximum Annual Debt Service, the following assumptions are to be used to calculate the principal and interest becoming due in any Fiscal Year:

(i) in determining the principal amount due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such principal, including any minimum sinking fund account payments;

(ii) if 20% or more of the principal of such Senior Bonds is not due until the final stated maturity of such Senior Bonds, principal and interest on such Senior Bonds may, at the option of the Authority, be treated as if such principal and interest were due based upon a level amortization of such principal and interest over the term of such Senior Bonds;

(iii) if the Senior Bonds are supported by a Credit Support Instrument, in the form of a line of credit or a letter of credit, principal may, at the option of the Authority, be treated as if it were due based upon a level amortization of such principal over the maximum term of repayment of borrowings under the Credit Support Agreement entered into in connection with such line of credit or letter of credit;

(iv) if any Outstanding Senior Bonds constitute variable interest rate Senior Bonds, the interest rate on such variable interest rate Senior Bonds shall be assumed to be 110% of the greater of (a) the daily average interest rate on such Senior Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Senior Bonds shall have been Outstanding, or (b) the rate of interest on such Senior Bonds on the date of calculation;

(v) if Senior Bonds proposed to be issued will be variable interest rate Senior Bonds the interest on which is excluded from gross income for federal income tax purposes, then such Senior Bonds shall be assumed to bear interest at an interest rate equal to 110% of the average SIFMA Swap Index during the three (3) months preceding the month of sale of such Senior Bonds, or if SIFMA Swap Index is no longer published, at an interest rate equal to 75% of the average One Month USD LIBOR Rate during the three (3) months preceding the month of sale of such Senior Bonds, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

(vi) if Senior Bonds proposed to be issued will be variable interest rate Senior Bonds the interest on which is included in gross income for federal income tax purposes, then such Senior Bonds shall be assumed to bear interest at an interest rate equal to 110% of average One Month USD LIBOR Rate during the three (3) months preceding the month of sale of such Senior Bonds, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

(vii) if the Senior Bonds are, or will be, upon issuance part of a Commercial Paper Program, the principal of such Senior Bonds constituting commercial paper (hereinafter in this definition referred to as "commercial paper") will be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such commercial paper shall be calculated as if such commercial paper were variable interest rate Senior Bonds;

(viii) notwithstanding subsections (iv), (v), (vi) or (vii) above, with respect to any variable interest rate Senior Bonds or any commercial paper, if (A) the interest rate on such variable interest rate Senior Bonds or commercial paper, plus (B) the payments received and made by the Authority under a Qualified Swap Agreement or a Swap with respect to such variable interest rate Senior Bonds or commercial paper, are expected to produce a synthetic fixed rate to be paid by the Authority (e.g., a Qualified Swap Agreement or a Swap under which the Authority pays a fixed rate and receives a variable rate which is expected to equal or approximate the rate of interest on such variable interest rate Senior Bonds or commercial paper), the variable interest rate Senior Bonds or commercial paper, as the case may be, shall be treated as bearing such synthetic fixed rate for the duration of the synthetic fixed rate; provided that: (X) during any period when the Swap Party has a long-term credit rating below the two highest long-term Rating Categories by Moody's and S&P, unless the Qualified Swap Agreement or Swap is rated in one of the two highest long-term Rating Categories of Moody's and S&P, or (Y) when there is a default under the Qualified Swap Agreement or Swap, or (Z) after a termination event has occurred with respect to the Authority under the Qualified Swap Agreement or Swap, such variable interest rate Senior Bonds or commercial paper shall be assumed to bear interest at an interest rate equal to the higher of: (1) the synthetic fixed rate, or (2) the assumed interest rate calculated as described in subsections (iv), (v), (vi) or (vii) above;

(ix) with respect to any fixed interest rate Senior Bonds, if (A) the interest rate on such fixed rate Senior Bonds, plus (B) the payments received and made by the Authority under a Qualified Swap Agreement or a Swap with respect to such fixed rate Senior Bonds, are expected to produce a synthetic variable rate to be paid by the Authority (e.g., a Qualified Swap Agreement or a Swap under which the Authority pays a variable rate and receives a fixed rate which is expected to equal the rate of interest on such fixed interest rate Senior Bonds), the fixed interest rate Senior Bonds, shall be treated as bearing such synthetic variable rate for the duration of the synthetic variable rate calculated as provided in (v) above;

(x) if any of the Senior Bonds are, or upon issuance will be, Paired Obligations, the interest thereon shall be the resulting linked rate or effective fixed rate to be paid with respect to such Paired Obligations; and

(xi) principal and interest payments on Senior Bonds shall be excluded to the extent such payments are to be paid from amounts then currently on deposit with the Senior Indenture Trustee or other fiduciary in escrow specifically therefor and restricted to Government Obligations and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Senior Bonds held by the Senior Indenture Trustee or other fiduciary as capitalized interest specifically to pay such interest.

"Authority" means the Bay Area Toll Authority, a public entity duly established and existing pursuant to the Act, and any successor thereto.

"Authority Account" means an account established within the Bond Purchase Fund pursuant to the Senior Indenture.

"Authority Administrative Costs" means the amount which the Authority may retain on an annual basis, after payment of debt service on Outstanding Senior Bonds and the costs of Operation & Maintenance Expenses, for its cost of administration pursuant to Section 30958 of the Act, such amount not to exceed one percent (1%) of the gross revenues collected from the tolls annually on the Bay Area Bridges.

"Authorized Denominations" means, with respect to a Series of Senior Bonds bearing interest at a fixed rate, $5,000 and any integral multiple thereof, and with respect to a Series of Senior Bonds during a Daily Rate Period or Weekly Rate Period, $100,000 and any integral multiple of $5,000 in excess thereof.

"Authorized Representative" means the Executive Director, the Deputy Executive Director, the Manager of Finance of the Authority (now known as the Chief Financial Officer of the Authority), or any other employee of the Authority at the time designated to act on behalf of the Authority in a Certificate of the Authority executed by any of the foregoing officers and filed with the Senior Indenture Trustee, which Certificate shall contain such employee's specimen signature.

"Bay Area Bridges" means the state owned bridges in the San Francisco Bay Area under the jurisdiction of the Authority, comprised of the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge, the San Mateo-Hayward Bridge, and any additional bridges added after January 1, 2006, to the Authority's jurisdiction and designated by resolution of the Board to be included as a "Bay Area Bridge" under the Senior Indenture. Each Bay Area Bridge includes the existing bridge or bridges and any additional adjacent spans added thereto as toll bridge program capital improvements.

"Bay Area Toll Account" means the account by that name created pursuant to Section 30953 of the Act.

"Beneficial Owner" means, with respect to any Book-Entry Bond, the beneficial owner of such Senior Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

"Board" means the governing board of the Authority.

"Book-Entry Bonds" means Senior Bonds issued under a book-entry only depository system as provided in the Senior Indenture.

"Bond Counsel" means a firm of nationally-recognized attorneys-at-law experienced in legal work relating to the issuance of municipal bonds selected by the Authority.

"Bond Fund" means the fund by that name created pursuant to the Senior Indenture.

"Bond Register" means the registration books for the ownership of Senior Bonds maintained by the Senior Indenture Trustee pursuant to the Senior Indenture.

"Bondholder" or "Holder" or "Owner" means the record owner of any Senior Bond shown on the books of registration kept by the Senior Indenture Trustee, which, during any period when ownership of the Senior Bond is determined by book entry at a Securities Depository, shall be the Securities Depository.

"Bridge Toll Revenues" means toll revenues and all other income allocated to the Authority pursuant to Section 30953 of the Act derived from the Bay Area Bridges and not limited or restricted to a specific purpose, including revenues from the seismic retrofit surcharge collected pursuant to Section 31010 of the Act that are transferred or paid to the Authority for deposit in the Bay Area Toll Account.

"Build America Bonds Amendment" means the proposed amendment described below under "THE SENIOR INDENTURE—Proposed Amendment."

"Business Day" means any day, other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or obligated by law or executive order to be closed in the State of California, the State of New York or any city in which the Principal Office of the Senior Indenture Trustee or the principal office of any Credit Provider is located.

"Calendar Week" means the period of seven days from and including Thursday of any week to and including Wednesday of the next following week.

"Caltrans" means the California Department of Transportation.

"Certificate of the Authority" means an instrument in writing signed by an Authorized Representative of the Authority.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

"Commercial Paper Program" means a program of short-term Senior Bonds having the characteristics of commercial paper (i) in that such Senior Bonds have a stated maturity not later than 270 days from their date of issue and (ii) that maturing Senior Bonds of such program may be paid with the proceeds of renewal Senior Bonds.

"Commercial Paper Rate" means the interest rate on any Senior Bond in the Commercial Paper Rate Period established from time to time pursuant to the provisions of the Senior Indenture.

"Commercial Paper Rate Period" means each period during which a Series of Senior Bonds bears interest at a Commercial Paper Rate determined pursuant to the provisions of the Senior Indenture.

"Construction Fund" means, with respect to a Series of Senior Bonds, a Construction Fund established in the Supplemental Indenture providing for the issuance of such Series of Senior Bonds.

"Conversion" means the conversion of any Series of Senior Bonds from one Interest Rate Determination Method or Mode to another, which may be made from time to time in accordance with the terms of the Senior Indenture.

"Conversion Date" means the date the Conversion of a Series of Senior Bonds becomes effective in accordance with the provisions of the Senior Indenture (or, with respect to notices, time periods and requirements in connection with the proceedings for such Conversion, the day on which it is proposed that such Conversion occur).

"Conversion Notice" means a written notice of an Authorized Representative delivered by the Authority to change the Interest Rate Determination Method for a Series of Senior Bonds, such notice to be delivered to the Senior Indenture Trustee, the Remarketing Agent and the applicable Liquidity Provider.

"Cost" means cost as defined in the Act.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, sale and delivery of Senior Bonds, including, but not limited to, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Senior Indenture Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Senior Bonds, surety, insurance, liquidity and credit enhancements costs, and any other cost, charge or fee incurred in connection with the issuance of Senior Bonds.

"Credit Provider" means any municipal bond insurance company, bank or other financial institution or organization or group of financial institutions or organizations which are performing in all material respects its or their obligations, as applicable, under any Credit Support Instrument provided with respect to a Series of Senior Bonds and any successor to such provider or providers, or any replacement therefor.

"Credit Provider Bonds" means any Senior Bonds purchased with funds provided under a Liquidity Instrument as provided in the Senior Indenture for so long as such Senior Bonds are held by or for the account of, or are pledged to, the applicable Credit Provider in accordance with the Senior Indenture.

"Credit Provider Reimbursement Obligations" means obligations of the Authority to pay from the Bay Area Toll Account amounts due under a Credit Support Agreement, including, without limitation, amounts advanced by a Credit Provider pursuant to a Credit Support Instrument as credit support or liquidity for Senior Bonds and the interest with respect thereto.

"Credit Support Agreement" means, with respect to any Credit Support Instrument for a Series of Senior Bonds, the agreement or agreements (which may be the Credit Support Instrument itself) between the Authority or the Senior Indenture Trustee, as applicable, and the applicable Credit Provider, as originally executed or as such agreement or instrument may from time to time be amended or supplemented in accordance with its terms, providing for the issuance of the Credit Support Instrument to which such Credit Support Agreement relates and the reimbursement of the Credit Provider for payments made thereunder, or any subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document entered into in connection therewith.

"Credit Support Instrument" means a policy of insurance, a letter of credit, a line of credit, stand-by purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal or the Purchase Price of any Series of Senior Bonds, as the as same may be amended from time to time pursuant to its terms, and any replacement therefor.

"CUSIP" means the Committee on Uniform Securities Identification Procedures of the American Bankers Association, or any successor to its functions.

"Daily Put Bonds" means any Series of Senior Bonds bearing interest at a Daily Rate tendered for purchase pursuant to the provisions of the Senior Indenture.

"Daily Rate" means the interest rate on any Senior Bond in the Daily Rate Period established from time to time pursuant to the Senior Indenture.

"Daily Rate Index" means, on any Business Day, the SIFMA Swap Index, or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Authority and the Remarketing Agents, but in no event in excess of the Maximum Interest Rate.

"Daily Rate Period" means any period during which a Series of Senior Bonds bears interest at the Daily Rate established pursuant to the provisions of the Senior Indenture.

"DTC" means The Depository Trust Company, New York, New York or any successor thereto.

"Electronic means " means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

"Event of Default" means any of the events specified in the Senior Indenture as an Event of Default.

"Expiration" (and other forms of "expire") means, when used with respect to a Liquidity Instrument, the expiration of such Liquidity Instrument in accordance with its terms.

"Favorable Opinion of Bond Counsel" means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Senior Bonds or such portion thereof as shall be affected thereby.

"Fees and Expenses" means fees and expenses incurred by the Authority in connection with the Senior Bonds.

"Fees and Expenses Fund" means the fund by that name created pursuant to the Senior Indenture.

"Fiscal Year" means the period of twelve months terminating on June 30 of each year, or any other annual period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law. References in the Senior Indenture to the next Fiscal Year or Fiscal Years of the Authority shall mean the Fiscal Year or Fiscal Years after the then current Fiscal Year.

"Fitch" means Fitch Inc. and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Five Percent Reserves" means an amount of up to five percent (5%) of the funds generated by Regional Measure 1 which are transferred by the Authority to MTC on an annual basis to be applied by MTC to projects that will help reduce vehicular congestion on the Bay Area Bridges and for the planning, construction, operation and acquisition of rapid water transit systems. Five Percent Reserves are described as "Two Percent Transit Reserves" in the Information Statement under "THE BRIDGE SYSTEM – Transfers to MTC."

"Fixed Rate" means the fixed rate borne by a Series of Senior Bonds from the Fixed Rate Conversion Date for such Series of Senior Bonds, which rate shall be established in accordance with the provisions of the Senior Indenture.

"Fixed Rate Conversion Date" means any Conversion Date on which the interest rate on a Series of Senior Bonds shall be converted to a Fixed Rate.

"Fixed Rate Period" means the period from and including the Fixed Rate Conversion Date of a Series of Senior Bonds converted to a Fixed Rate to and including their maturity date or earlier date of redemption.

"Government Obligations" means: (i) non-callable obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including, but not limited to, all direct or fully guaranteed U.S. Treasury Obligations, Farmers Home Administration Certificates of beneficial ownership, General Services Administration Participation certificates, U.S. Maritime Administration Guaranteed Title XI financing, Small Business Administration - Guaranteed participation certificates and Guaranteed pool certificates, Government National Mortgage Association (GNMA) - GNMA guaranteed mortgage-backed securities and GNMA guaranteed participation certificates, U.S. Department of Housing and Urban Development Local authority bonds, Washington Metropolitan Area

Transit Authority Guaranteed transit bonds, and State and Local Government Series; (ii) non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government, including, but not limited to, Federal Home Loan Mortgage Corp. (FHLMC) Debt Obligations, Farm Credit System (formerly Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) Consolidated Systemwide bonds and notes, Federal Home Loan Banks (FHL Banks) Consolidated debt obligations, Federal National Mortgage Association (FNMA) Debt Obligations, and Resolution Funding Corp. (REFCORP) Debt obligations; and (iii) certain stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U.S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York, excluding custodial receipts, i.e. CATs, TIGERS, unit investment trusts and mutual funds, etc.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed by the Authority, and who, or each of whom, is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

"Index Agent" means the Senior Indenture Trustee or such other Person acceptable to the Senior Indenture Trustee as may be designated by the Authority to act as the Index Agent for the Senior Indenture Trustee.

"Index Bonds" means a Series of Senior Bonds bearing interest at the Index Rate.

"Index Rate" means the interest rate established from time to time pursuant to the Senior Indenture, provided, however, that in no event may the Index Rate exceed the Maximum Interest Rate.

"Index Rate Period" means any period during which a Series of Senior Bonds bears interest at the Index Rate.

"Initial Senior Bonds" means the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds (Variable Rate Demand Bonds), 2001 Series A, 2001 Series B and 2001 Series C, and the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds (Fixed Rate Bonds), 2001 Series D.

"Interest Account" means the account by that name created pursuant to the Senior Indenture.

"Interest Payment Date" means (a) with respect to fixed rate Senior Bonds, April 1 and October 1 of each year; (b) with respect to variable rate Senior Bonds (i) in the Daily Rate Period or the Weekly Rate Period, the first Business Day of each calendar month, (ii) in the Commercial Paper Rate Period, the day immediately succeeding the last day of each Commercial Paper Rate Period for such Senior Bonds, (iii) in the Term Rate Period or the Fixed Rate Period, April 1 and October 1 of each year, (iv) in the Index Rate Period, on the first Business Day of each January, April, July and October or, if the Authority obtains a Favorable Opinion of Bond Counsel, on such other periodic dates as may be selected by the Authority in accordance with the terms of the Senior Indenture, (v) in any Rate Period, each Conversion Date, and (vi) for a Series of Bonds in the Daily Rate Period or the Weekly Rate Period, the mandatory tender date on which a Credit Support Instrument is substituted for such Series; and (c) with respect to all Senior Bonds, the final maturity date or redemption date of such Senior Bond.

"Interest Rate Determination Method" means any of the methods of determining the interest rate on a Series of Senior Bonds from time to time as described in the Senior Indenture.

"Interest Rate Mode" means, with respect to a Senior Bond of a Series, the type of interest rate paid on Senior Bonds of that Series consisting of either a Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, Index Rate (certain series only) or Fixed Rate, as the case may be.

"Issue Date" means, with respect to a Series of Senior Bonds, the date on which such Senior Bonds are first delivered to the purchasers thereof.

"Liquidity Instrument" means the instrument pursuant to which liquidity is provided to Senior Bonds of a Series and any substitute Liquidity Instrument provided pursuant to the Senior Indenture and shall include a Credit Support Instrument that is in the form of a Letter of Credit.

"Liquidity Provider" means each bank or any successor Liquidity Provider providing liquidity for the Purchase Price of a Series of the Reoffered Bonds pursuant to a Liquidity Instrument.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

"Mandatory Tender Bonds" means a Series of Senior Bonds subject to mandatory tender in accordance with the provisions of the Senior Indenture.

"Maximum Annual Debt Service" means the maximum amount of Annual Debt Service becoming due during the period from the date of such determination through the final maturity date of the Senior Bonds then Outstanding, as calculated by the Authority, utilizing the assumptions set forth under the definition of Annual Debt Service.

"Maximum Interest Rate" means: (a) with respect to Senior Bonds of a Series other than Credit Provider Bonds, (i) for the benefit of which a Liquidity Instrument is in effect, the rate of interest specified in such Liquidity Instrument that is used to determine the amount available under such Liquidity Instrument for payment of interest due and payable to Owners of such Senior Bonds, but in no event greater than twelve percent (12%) per annum, and (ii) at all other times, twelve percent (12%) per annum; and (b) with respect to Credit Provider Bonds, the lesser of (i) 15% per annum or (ii) the maximum rate of interest with respect to such Credit Provider Bonds permitted by applicable law.

"Moody's" means Moody's Investors Service, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"MTC" means the Metropolitan Transportation Commission, a regional transportation commission duly established and existing pursuant to Sections 66500 et seq. of the California Government Code, and any successor thereto.

"MTC Transfers" means the AB 664 Net Toll Revenue Reserves, the Five Percent Reserves, the Rail Extension Reserves, the Regional Measure 2 Reserves, and the Authority Administrative Costs.

"Net Revenue" means, for any Fiscal Year, Revenue less Operations & Maintenance Expenses, as set forth in the audited financial statements of the Authority.

"Nominee" means the nominee of the Securities Depository for the Book-Entry Bonds in whose name such Senior Bonds are to be registered. The initial Nominee shall be Cede & Co., as the nominee of DTC.

"One Month USD LIBOR Rate" means the British Banker's Association average of interbank offered rates in the London market for Dollar deposits for a one month period as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the Authority.

"Operations & Maintenance Expenses" means all expenses related to Caltrans operations and maintenance of toll facilities on the Bay Area Bridges determined in accordance with generally accepted accounting principles, including but not limited to, toll collection costs, including wages and salaries, maintenance and electrical energy for toll administration buildings and toll booths, the San Francisco-Oakland Bay Bridge architectural lighting and maintenance and operation of the existing Transbay Transit Terminal, excluding (i) depreciation or obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of maintenance of the Bay Area Bridges and other structures, roadbeds, pavement, drainage systems, debris removal, landscaping, traffic guidance systems, ice controls, dedicated bridge maintenance stations and maintenance training that, in accordance with Section 188.4 of the California Streets and Highways Code, as normal highway maintenance, are to be paid from the State Highway Account, as further set forth in the Cooperative Agreement, dated July 1, 2003, between the Authority and Caltrans, as amended from time to time pursuant to its terms, and (iv) Subordinated Maintenance Expenditures.

"Operations and Maintenance Fund" means the fund by that name created and held by the Authority pursuant to the Senior Indenture.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Optional Purchase Date" means each date on which a Series of Senior Bonds would be subject to optional redemption and therefore are subject to purchase at the option of the Authority pursuant to the provisions of the Senior Indenture.

"Optional Purchase Price" means, with respect to the purchase of a Series of Senior Bonds to be purchased on any Optional Purchase Date pursuant to the provisions of the Senior Indenture, the principal amount of such Senior Bonds to be purchased on such Optional Purchase Date, plus accrued interest to such Optional Purchase Date, plus an amount equal to the premium, if any, that would be payable upon the redemption, at the option of the Authority exercised on such Optional Purchase Date, of such Senior Bonds to be purchased.

"Outstanding" means all Senior Bonds which have been authenticated and delivered by the Senior Indenture Trustee under the Senior Indenture, except: (i) Senior Bonds canceled or delivered for cancellation at or prior to such date; (ii) Senior Bonds deemed to be paid in accordance with the provisions of the Senior Indenture; (iii) Senior Bonds in lieu of which others have been authenticated under the Senior Indenture; and (iv) all Senior Bonds held by or for the account of the Authority.

"Paired Obligations" shall mean any Series (or portion thereof) of Senior Bonds designated as Paired Obligations in a Supplemental Indenture authorizing the issuance thereof, which are simultaneously issued (a) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (b) the interest rates on which, taken together, result in an irrevocably fixed interest rate obligation of the Authority for the terms of such Paired Obligations.

"Participants" means, with respect to a Securities Depository for Book-Entry Bonds, those participants listed in such Securities Depository's book-entry system as having an interest in the Senior Bonds.

"Permitted Investments" means the following:

(i) any Government Obligations;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Farm Credit System, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation, Student Loan Marketing Association Financing Corp., and U.S. Agency for International Development guaranteed notes;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in either of the two highest Rating Categories by Moody's and S&P;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) which are rated in one of the two highest long-term Rating Categories by Moody's and S&P;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are rated by Moody's and S&P in their highest short-term Rating Category, or, if the term of such indebtedness is longer than three (3) years, rated by Moody's and S&P in one of their two highest long-term Rating Categories, for comparable types of debt obligations;

(viii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Senior Indenture Trustee or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Senior Indenture Trustee or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Senior Indenture Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Senior Indenture Trustee shall be entitled to rely on each such undertaking;

(ix) taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's and S&P;

(x) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in either of the two highest long-term Rating Categories, if any, by Moody's and S&P, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Senior Indenture Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in either of the two highest long-term Rating Categories by Moody's and S&P;

(xi) any repurchase agreement entered into with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in either of the two highest long-term Rating Categories by Moody's and S&P, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Senior Indenture Trustee or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Senior Indenture Trustee with an undertaking satisfactory to the Senior Indenture Trustee to the effect that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Senior Indenture Trustee shall be entitled to rely on each such undertaking;

(xii) any cash sweep or similar account arrangement of or available to the Senior Indenture Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xi) of this definition of Investment Securities and any money market fund, including money market funds from which the Senior Indenture Trustee or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xi) of this definition of Investment Securities; provided that as used in this clause (xii) and clause (xiii) investments will be deemed to satisfy the requirements of clause (xi) if they meet the requirements set forth in clause (xi) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (xi);

(xiii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in either of the two highest long-term Rating Categories by Moody's and S&P;

(xiv) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (vi) above and which companies have either the highest rating by Moody's and S&P or have an investment advisor registered with the Securities and Exchange Commission with not less than 5 years experience investing in such securities and obligations and with assets under management in excess of $500,000,000;

(xv) shares in a California common law trust, established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code, which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended from time to time;

(xvi) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Senior Indenture;

(xvii) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Senior Bonds that such investment will not adversely affect such rating agency's rating on such Senior Bonds; and

(xviii) any other investment approved in writing by each Credit Provider then providing a Credit Support Instrument for any Series of Senior Bonds then Outstanding.

"Person" means any natural person, firm, partnership, association, corporation, or public body.

"Principal Account" means the account by that name created pursuant to the Senior Indenture.

"Principal Office" means, with respect to the Senior Indenture Trustee, the corporate trust office of the Senior Indenture Trustee at 350 California Street, 11th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, or such other or additional offices as may be designated by the Senior Indenture Trustee from time to time, and means, with respect to a Credit Provider, the office designated as such in writing by such party in a notice delivered to the Senior Indenture Trustee and the Authority.

"Project" means, with respect to a Series of Senior Bonds, that toll bridge program capital improvement or those toll bridge program capital improvements, which are financed or refinanced with the proceeds of such Series of Senior Bonds, as more fully described in the Supplemental Indenture providing for the issuance of such Series of Senior Bonds and the Tax Certificate delivered in connection with such Series of Senior Bonds.

"Purchase Date" means any date on which any Senior Bond is purchased pursuant to the provisions of the Senior Indenture.

"Purchase Price" means, with respect to any Senior Bond tendered or deemed tendered pursuant to the Senior Indenture, an amount equal to 100% of the principal amount of any Senior Bond tendered or deemed tendered to the Senior Indenture Trustee for purchase pursuant to the Senior Indenture, plus, if such Purchase Date is not an Interest Payment Date, accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the Owner of record as of the applicable Record Date.

"Qualified Swap Agreement" means a contract or agreement, intended to place such Series of Senior Bonds or portion thereof or such applicable investments, as the Authority shall specify in a resolution authorizing the execution of such contract or agreement, on the interest rate, currency, cash flow or other basis desired by the Authority, payments (other than payments of fees and expenses and termination payments which shall in all cases be payable on a subordinate basis) with respect to which the Authority has specified in its authorizing resolution shall be payable from Revenue on a parity with the payment of Senior Bonds, including, without limitation, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, provided that in each case: (i) the notional amount of the Qualified Swap Agreement shall not exceed the principal amount of the related Series of Senior Bonds or portion thereof or the amount of such investments, as applicable; and (ii) the Authority shall have received a Rating Confirmation from each Rating Agency then rating any Series of Senior Bonds with respect to such Qualified Swap Agreement.

"Rail Extension Reserves" means ninety percent (90%) of the twenty-five cent (25¢) toll increase on two-axle vehicles on the San Francisco-Oakland Bay Bridge authorized by Regional Measure 1 which are transferred by the Authority to MTC on an annual basis to be applied by MTC to rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge.

"Rate" means, with respect to any Senior Bond of a Series, the interest rate applicable to such Senior Bond as provided in the Senior Indenture.

"Rate Index" means the Daily Index, the Weekly Rate Index or both, as the context may require.

"Rate Period" means any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, Term Rate Period, Index Rate Period or Fixed Rate Period.

"Rating Agency" means each of Fitch, Moody's and S&P.

"Rating Category" means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rating Confirmation" means written evidence from each rating agency then rating any Series of Senior Bonds to the effect that, following the event which requires the Rating Confirmation, the then current rating for such Series of Senior Bonds will not be lowered or withdrawn solely as a result of the occurrence of such event.

"Rebate Fund" means the fund by that name created pursuant to the Senior Indenture.

"Record Date" means for any Interest Payment Date in respect of any Daily Rate Period or Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

"Redemption Date" means the date fixed for redemption of Senior Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Senior Indenture.

"Redemption Fund" means the fund by that name created pursuant to the Senior Indenture.

"Redemption Price" means, with respect to any Senior Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Senior Bond or the Senior Indenture.

"Regional Measure 1" means Regional Measure 1 which was approved by voters of the City and County of San Francisco and the counties of Alameda, Contra Costa, Marin, San Mateo, Santa Clara and Solano on November 8, 1988 and which took effect on January 1, 1989.

"Regional Measure 2" means Regional Measure 2 which was approved by voters of the City and County of San Francisco and the counties of Alameda, Contra Costa, Marin, San Mateo, Santa Clara and Solano on March 2, 2004 and which took effect on July 1, 2004.

"Regional Measure 2 Reserves" means an amount of up to thirty eight percent (38%) of the funds generated by Regional Measure 2 which are transferred by the Authority to MTC on an annual basis to be applied by MTC to provide operating assistance for transit purposes pursuant to Section 30914(d) of the Act.

"Remarketing Agent" means the one or more banks, trust companies or members of the National Association of Securities Dealers, Inc. meeting the qualifications set forth in the Senior Indenture and appointed by an Authorized Representative to serve as Remarketing Agent for any Series of Senior Bonds.

"Remarketing Agreement" means any agreement or agreements entered into by and between the Authority and a Remarketing Agent for any Series of Senior Bonds.

"Representation Letter" means the letter or letters of representation from the Authority to, or other instrument or agreement with, a Securities Depository for Book-Entry Bonds, in which the Authority, among other things, makes certain representations to the Securities Depository with respect to the Book-Entry Bonds, the payment thereof and delivery of notices with respect thereto.

"Reserve Facility" means a surety bond or insurance policy issued to the Senior Indenture Trustee by a company licensed to issue a surety bond or insurance policy guaranteeing the timely payment of the principal of and interest on the Senior Bonds, which company shall be rated in the highest long-term rating category by Moody's and S&P, or a letter of credit issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which has outstanding an issue of unsecured long term debt securities rated in at least the second highest long-term rating category by Moody's and S&P, or any combination thereof, deposited with the Senior Indenture Trustee by the Authority to satisfy the Reserve Requirement or a portion thereof.

"Reserve Facility Costs" means amounts owed with respect to repayment of draws on a Reserve Facility, including interest thereon at the rate specified in the agreement pertaining to such Reserve Facility and expenses owed to the Reserve Facility Provider in connection with such Reserve Facility.

"Reserve Facility Provider" means any provider of a Reserve Facility, any successor thereto or any replacement therefor.

"Reserve Fund" means the fund by that name created pursuant to the Senior Indenture.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the lesser of: (i) Maximum Annual Debt Service on all Senior Bonds then Outstanding; and (ii) 125% of average Annual Debt Service on all Senior Bonds then Outstanding; provided that with respect to a Series of variable rate Senior Bonds for which a fixed rate Swap is not in place, the interest rate thereon for purposes of calculating the Reserve Requirement shall be assumed to be equal to the rate published in The Bond Buyer as the "Bond Buyer Revenue Bond Index" by the most recent date preceding the sale of such Series; and provided, further, that with respect to a Series of Senior Bonds, if the Reserve Fund would have to be increased by an amount greater than ten percent (10%) of the stated principal amount of such Series (or, if the Series has more than a de minimis amount of original issue discount or premium, of the issue price of such Senior Bonds) then the Reserve Requirement shall be such lesser amount as is determined by a deposit of such ten percent (10%).

"Revenue" means: (i) Bridge Toll Revenues; (ii) all interest or other income from investment of money in any fund or account of the Authority, including the Operations and Maintenance Fund established pursuant to the Senior Indenture and held by the Authority; (iii) all amounts on deposit in the funds and accounts established pursuant to the Senior Indenture and held by the Senior Indenture Trustee (excluding the Rebate Fund and any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument) and all interest or other income from investment of money in the funds and accounts established pursuant to the Senior Indenture and held by the Senior Indenture Trustee (excluding the Rebate Fund and any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument); and (iv) all Swap Revenues.

"Revenue Bond Law of 1941" means Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 54300), as may be amended from time to time hereafter.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term "S & P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Securities Depository" means a trust company or other entity which provides a book-entry system for the registration of ownership interests of Participants in securities and which is acting as security depository for Book-Entry Bonds.

"Semi-Annual Interest Payment Date" means April 1 or October 1.

"Senior Bonds" means the bonds or commercial paper identified as the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Senior Indenture.

"Senior Indenture" or "Master Indenture" means the Master Indenture, dated as of May 1, 2001, between the Authority and the Senior Indenture Trustee, as the same may be amended or supplemented from time to time as permitted thereby.

"Senior Indenture Trustee" means Union Bank, N.A., as trustee under the Senior Indenture, and its successors and assigns.

"Senior Parity Obligations" means obligations of the Authority, the principal of and interest on which are payable from Revenue on a parity with the payment of the Senior Bonds, including payments due under Credit Support Agreements and Qualified Swap Agreements (excluding fees and expenses and termination payments on Qualified Swap Agreements which shall be payable on a subordinate basis).

"Series" means all Senior Bonds identified in a Supplemental Indenture as a separate Series.

"SIFMA Swap Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Senior Indenture Trustee and effective from such date.

"Sinking Fund Installment" means, with respect to any Series of Senior Bonds, each amount so designated for the Term Bonds of such Series in the Supplemental Indenture providing for the issuance of such Series of Senior Bonds requiring payments by the Authority to be applied to the retirement of such Series of Senior Bonds on and prior to the stated maturity date thereof.

"Southern Bridge Group" means the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge.

"State" means the State of California.

"Subordinated Maintenance Expenditures" means maintenance expenditures payable to Caltrans from Bridge Toll Revenues that are Category A maintenance expenditures within the meaning of Streets and Highways Code section 188.4, including all normal highway maintenance on the Bay Area Bridges that would be performed by the State according to State procedures if the Bay Area Bridges were toll-free state facilities."

"Subordinate Obligations" means any obligations of the Authority secured by and payable from Revenue on a basis which is subordinate to the Senior Bonds and Senior Parity Obligations, including, without limitation, fees and expenses and termination payments on Qualified Swap Agreements and payments on Swaps.

"Subordinate Obligations Fund" means the fund by that name created pursuant to the Senior Indenture.

"Subsidy Payments" means payments from the United States Treasury to or upon the order of the Authority with respect to the eligible Senior Bonds pursuant to Sections 54AA and 6431 of the Code in an amount equal to 35% of the interest due thereon on each Interest Payment Date.

"Supplemental Indenture" means any indenture executed and delivered by the Authority and the Senior Indenture Trustee that is stated to be a supplemental indenture to the Master Indenture.

"Swap" means any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, which is not a Qualified Swap Agreement.

"Swap Party" means each entity which is a party to either a Qualified Swap Agreement or a Swap entered into with the Authority.

"Swap Revenues" means any amount paid by a Swap Party to the Authority pursuant to any Qualified Swap Agreement or Swap, after any netting of payments required by such Qualified Swap Agreement or Swap, as applicable, and any payments paid to the Authority by a Swap Party as consideration for termination or amendment of a Qualified Swap Agreement or Swap, as applicable.

"Tax Certificate" means the Tax Certificate delivered by the Authority at the time of the issuance of a Series of Senior Bonds the interest on which is intended to be exempt from federal income taxation, as the same may be amended and supplemented in accordance with its terms.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax-Exempt Securities" means bonds, notes or other securities the interest on which is Tax-Exempt.

"Term Bonds" means Senior Bonds of any Series which are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose in the Supplemental Indenture providing for the issuance of such Series of Senior Bonds, which Sinking Fund Installments are calculated to retire such Senior Bonds on or before their specified maturity dates.

"Term Rate" means the interest rate on any Series of Senior Bonds in the Term Rate Period established from time to time pursuant to the provisions of the Senior Indenture.

"Term Rate Computation Date" means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Conversion to a Term Rate for any Series of

Senior Bonds to and including the Business Day next preceding the proposed Term Rate Conversion Date.

"Term Rate Continuation Notice" means a written notice of an Authorized Representative delivered by the Authority to establish a new Term Rate Period for any Series of Senior Bonds in the Term Rate, such notice to be delivered to the Senior Indenture Trustee, the Remarketing Agent and the applicable Liquidity Provider as specified in the Senior Indenture.

"Term Rate Conversion Date" means: (i) the Conversion Date on which the interest rate on any Series of Senior Bonds shall be converted to a Term Rate; and (ii) the date on which a new Term Rate Period and Term Rate are to be established.

"Term Rate Period" means any period during which any Series of Senior Bonds bear interest at the Term Rate established pursuant to the provisions of the Senior Indenture.

"Termination" (and other forms of "terminate") means, when used with respect to any Liquidity Instrument, the replacement, removal, surrender or other termination of such Liquidity Instrument by the Authority other than an Expiration or an extension or renewal thereof; provided, however, that Termination does not include immediate suspension or termination events.

"Three-Month LIBOR Rate" means the rate for deposits in U.S. dollars with a three-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Index Rate Determination Date, except that, if such rate does not appear on such page on the Index Rate Determination Date, the Three-Month LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on the Index Rate Determination Date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Index Agent (provided, however, that if the Index Agent is the Senior Indenture Trustee, the Senior Indenture Trustee may appoint an agent to identify such Reference Banks). The Index Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the Three-Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Index Agent, at approximately 11:00 a.m., New York City time, on the Index Rate Determination Date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. $1,000,000 having a three-month maturity. If none of the banks in New York City selected by the Index Agent is then quoting rates for such loans, then the Three-Month LIBOR Rate for the ensuing interest period will mean the Three-Month LIBOR Rate then in effect in the immediately preceding Index Rate Interest Accrual Period.

"Toll Coverage Calculation Date" means the date the Authority computes the coverage ratios required to be computed pursuant to the provisions of the Senior Indenture, which date shall be within 10 Business Days of the beginning of each Fiscal Year.

"Traffic Consultant" means any engineer or engineering firm or other consulting firm with requisite expertise appointed by the Authority to prepare estimates of Bridge Toll Revenues. The appointed Person or entity may not be an employee of the Authority or MTC, but may have other contracts with the Authority or MTC or any other Person to provide, directly or indirectly, other services to the Authority or MTC and still be appointed as Traffic Consultant.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Remarketing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Variable Rate" means any of the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate or the Index Rate.

"Variable Rate Demand Bonds" means Series of Senior Bonds bearing interest at a Daily Rate or a Weekly Rate.

"Weekly Put Bonds" means any Senior Bond of a Series bearing interest at a Weekly Rate tendered for purchase pursuant to the provisions of the Senior Indenture.

"Weekly Rate" means the interest rate on any Series of Senior Bonds in the Weekly Rate Period established from time to time pursuant to the provisions of the Senior Indenture.

"Weekly Rate Index" means, on any Business Day, the SIFMA Swap Index or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Authority and the Remarketing Agents, but in no event in excess of the Maximum Interest Rate.

"Weekly Rate Period" means each period during which any Series of Senior Bonds bear interest at the Weekly Rate established pursuant to the provisions of the Senior Indenture.

"Written Request of the Authority" means an instrument in writing signed by an Authorized Representative.

THE SENIOR INDENTURE

Proposed Amendment

Pursuant to the Senior Indenture, the Authority is proposing the Build America Bonds Amendment summarized below which requires the consent of the Holders of not less than a majority of the aggregate principal amount of Outstanding Senior Bonds. The time period during which Owners may consent is prescribed by the Authority as three years from August 1, 2009. The Build America Bonds Amendment would amend the above definition of "Annual Debt Service" by the addition of the following subparagraph (xii) and provide that upon the effective date of the amendment and thereafter, Net Revenue shall be calculated by excluding therefrom any Subsidy Payments that otherwise would be included in Net Revenue. Subparagraph (xii) would read as follows:

"(xii) if any of the Senior Bonds are, or upon issuance will be, Senior Bonds for which the Authority is entitled to receive interest rate subsidy payments from the federal government (including, without limitation, subsidy payments on account of the issuance of build America bonds pursuant to the federal American Recovery and Reinvestment Act of 2009), as evidenced by an Opinion of Bond Counsel delivered at the time of issuance of such Senior Bonds, the Senior Bonds shall be treated as bearing an interest rate equal to the rate of interest borne by the Senior Bonds for the period of determination minus the federal interest rate subsidy payments to which the Authority is entitled for that period if the Authority irrevocably directs that those federal interest rate subsidy payments be made directly to the Senior Indenture Trustee for the payment of interest on Senior Bonds pursuant to the Senior Indenture."

The purchasers and any subsequent owners of any Senior Bonds issued after May 1, 2009, and the owners of any Senior Bonds remarketed after a mandatory tender after May 1, 2009, have been or will be deemed, by acceptance of such Senior Bonds, to have irrevocably consented to the proposed Build America Bonds Amendment. The Build America Bonds Amendment will only be adopted by the Authority upon determination that the requisite consents to such amendment have been obtained. The Authority expects the requisite consents to be obtained, and the Build America Bonds Amendment to become effective, upon the mandatory tender and remarketing of the Authority's Outstanding Variable Rate Demand Bonds on November 1, 2010.

Statutory Lien, Pledge of State, Pledge of Revenue and Funds and Accounts

Statutory Lien. All Bridge Toll Revenues shall be deposited by the Authority in the Bay Area Toll Account and are subject to a statutory lien created pursuant to Section 30960 of the Act in favor of the Bondholders to secure all amounts due on the Senior Bonds and in favor of any provider of credit enhancement for the Senior Bonds to secure all amounts due to that provider with respect to those Senior Bonds. Pursuant to Section 30960 of the Act, such lien, subject to expenditures for operation and maintenance of the Bay Area Bridges, including toll collection, unless those expenditures are otherwise provided for by statute as provided in Section 30960(c) of the Act, shall immediately attach to the Bridge Toll Revenues as such Bridge Toll Revenues are received by the Authority and shall be effective, binding, and enforceable against the Authority, its successors, creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act, and the Bridge Toll Revenues shall remain subject to such statutory lien until all Senior Bonds are paid in full or provision made therefor, and the Bay Area Bridges shall not become toll-free prior to that time.

Pledge of State. Pursuant to Section 30963 of the Act, the State pledges and agrees with the Holders of the Senior Bonds and those parties who may enter into contracts with the Authority pursuant to the Act that the State will not limit, alter, or restrict the rights vested by the Act in the Authority to finance the toll bridge improvements authorized by the Act and agrees not to impair the terms of any agreements made with the Holders of the Senior Bonds and the parties who may enter into contracts with the Authority pursuant to the Act and pledges and agrees not to impair the rights or remedies of the Holders of Senior Bonds or any such parties until the Senior Bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Pledge of Revenue and Certain Funds and Accounts. All Revenue and all amounts (including the proceeds of Senior Bonds) held by the Senior Indenture Trustee in each fund and account established under the Senior Indenture (except for amounts on deposit in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument) are pledged to secure the punctual payment of the principal of and interest on the Senior Bonds, Senior Parity Obligations and Reserve Facility Costs, subject only to the provisions of the Senior Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Said pledge constitutes a first lien on such amounts, is valid and binding from and after the issuance of the Initial Senior Bonds, without any physical delivery or further act and will be irrevocable until all Senior Bonds, Senior Parity Obligations and Reserve Facility Costs are no longer outstanding.

Conversion of Interest Rate Determination Method.

Notice of Conversion. Each Conversion Notice must specify: (A) the proposed Conversion Date; (B) the new Interest Rate Determination Method to take effect; (C) if the Conversion is to a Term Rate, the Term Rate Period; (D) whether the Liquidity Support Instrument then in effect, if any, will remain in effect and, if applicable, the terms upon which the Owners of the Variable Rate Reoffered Bonds shall have the option to tender such bonds for purchase during the new Interest Rate Determination Method; (E) if a new Liquidity Support Instrument will be in effect after the proposed Conversion Date, the form and terms of such Liquidity Support Instrument; (F) if the Conversion is to a Term Rate Period or Fixed Rate Period, the redemption dates and redemption prices applicable to such Term Rate Period or Fixed Rate Period and (G) if the Conversion is to an Index Rate Period, the Index Rate Index, the optional redemption provisions and the Interest Payment Dates to apply to such Series of Senior Bonds and appointing an Index Agent and a Remarketing Agent for such Series of Senior Bonds. The Conversion Notice must be accompanied by (i) an Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Senior Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the Series of Senior Bonds to be converted, and (ii) a notice of the new Liquidity Provider, if applicable, and the new Liquidity Instrument, if at the same time as such Series of Senior Bonds are being converted there is to be a change of Liquidity Provider or Liquidity Instrument with respect to such Series of Senior Bonds.

Notice to Owners. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Senior Indenture Trustee is to give notice by first-class mail to the affected Owners of the Series of Senior Bonds to be converted, which notice is to state in substance:

(A) that the Interest Rate Determination Method for the applicable Series of Senior Bonds is to be converted to the specified Variable Rate or the Fixed Rate, as the case may be, on the applicable Conversion Date if the conditions specified in the Senior Indenture (and generally described in such notice) are satisfied on or before such date;

(B) the applicable Conversion Date;

(C) that the Authority has delivered to the Senior Indenture Trustee an Opinion of Bond Counsel and a summary of the matters covered in such opinion in the form provided to the Senior Indenture Trustee by the Authority;

(D) that the Interest Rate Determination Method for such Series of Senior Bonds will not be converted unless the Opinion of Bond Counsel referred to above is redelivered to the Senior Indenture Trustee on (and as of) the Conversion Date and all such Senior Bonds are successfully purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date;

(E) the CUSIP numbers or other identification information of such Senior Bonds;

(F) that all such Senior Bonds are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price; and

(G) that, to the extent that there is to be on deposit with the Senior Indenture Trustee on the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all such Series of Senior Bonds to be converted on the Conversion Date not delivered to the Senior Indenture Trustee on or prior to the Conversion Date are to be deemed to have been properly tendered for purchase and are to cease to constitute or represent a right on behalf of the Owner thereof to the payment of principal thereof or interest thereon and are to represent and constitute only the right to payment of the Purchase Price on deposit with the Senior Indenture Trustee, without interest accruing thereon after the Conversion Date.

Notice Failure No Bar. Failure of an Owner of a Senior Bond being converted to a new Interest Rate Determination Method to receive the notice of Conversion described above, or any defect therein, is not to affect the validity of any Rate or any continuation of or change in the Interest Rate Determination Method for any such Senior Bonds or extend the period for tendering any of such Senior Bonds for purchase, and the Senior Indenture Trustee is not to be liable to any Owner of such a Senior Bond by reason of the failure of such Owner to receive such notice or any defect therein.

Rescission of Election. The Authority may rescind any Conversion Notice with respect to a Series of Senior Bonds prior to the proposed Conversion Date set forth in the Conversion Notice by giving written notice thereof to the Senior Indenture Trustee, the Liquidity Provider for the applicable Series of Senior Bonds and the applicable Remarketing Agent two or more Business Days prior to such proposed Conversion Date. If the Senior Indenture Trustee receives notice of such rescission prior to the time the Senior Indenture Trustee has given notice of the Conversion to the Owners of the affected Series of Senior Bonds, then the Conversion Notice previously delivered by the Authority is to be of no force and effect. If the Senior Indenture Trustee receives notice from the Authority of rescission of the Conversion Notice after the Senior Indenture Trustee has given notice of the Conversion to the Owners of the affected Series of Senior Bonds, then such Series of Senior Bonds are to continue to be subject to mandatory tender for purchase on the Conversion Date specified in the Conversion Notice and the Rate Period for such Series of Senior Bonds is to automatically adjust to, or continue as, a Weekly Rate Period on the Conversion Date specified in the Conversion Notice.

Limitations. Any Conversion must comply with the following:

(A) the Conversion Date must be a date on which such Series of Senior Bonds are subject to mandatory tender;

(B) the Conversion Date must be a Business Day;

(C) the Liquidity Instrument for such Senior Bonds after a Conversion to a Variable Rate must cover (except for conversion to an Index Rate Period or a Term Rate Period) principal plus accrued interest (computed at the Maximum Interest Rate then in effect on the basis of a 365-day year and actual days elapsed or a 360 day year of twelve 30-day months, as applicable) for the maximum number of days between Interest Payment Dates permitted under that Interest Rate Determination Method, plus such additional number of days, if any, as shall be required by each Rating Agency then rating such Series of Senior Bonds; provided that if the number of days of interest coverage provided by the applicable Liquidity Instrument is being changed from the number of days previously in place, the Senior Indenture Trustee shall have also received a Rating Confirmation from each of the Rating Agencies then rating such Senior Bonds;

(D) no Conversion shall become effective unless the Opinion of Bond Counsel is redelivered on (and as of) the Conversion Date and all affected Outstanding Senior Bonds are successfully purchased or deemed purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date; and

(E) upon Conversion of any Series of Senior Bonds to a Fixed Rate Period, an Index Rate Period or a Term Rate Period, an Authorized Representative may provide in the Conversion Notice to the applicable Liquidity Provider a request for termination of the Liquidity Instrument with respect to such Senior Bonds to be effective upon such Conversion to a Fixed Rate Period, an Index Rate Period or a Term Rate Period.

No Conversion During Continuance of Event of Default. No Conversion is to occur if at the time of such Conversion an Event of Default shall have occurred and be continuing.

Conversion of Credit Provider Bonds. Notwithstanding anything to the contrary contained in the Senior Indenture, if all of the Outstanding Senior Bonds of any Series are Credit Provider Bonds, such Senior Bonds may be converted to a Fixed Rate on such Conversion Date as shall be acceptable to the applicable Liquidity Provider, the Senior Indenture Trustee, the Remarketing Agent and the Authority, provided that on such Conversion Date the Authority is to deliver to the Senior Indenture Trustee an Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Senior Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any Senior Bonds of such Series.

Mechanics of Optional and Mandatory Tenders

Purchase of Senior Bonds of a Series

Delivery of a Senior Bond to the Senior Indenture Trustee in connection with any optional or mandatory tender for purchase pursuant to the Senior Indenture is to be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such Senior Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such Senior Bond to the account of the Senior Indenture Trustee, or to the account of a Participant of such Securities Depository acting on behalf of the Senior Indenture Trustee.

If moneys sufficient to pay the Purchase Price of Senior Bonds to be purchased pursuant to the Senior Indenture are held by the Senior Indenture Trustee on the applicable Purchase Date, such Senior Bonds are to be deemed to have been purchased for all purposes of the Senior Indenture, irrespective of whether or not such Senior Bonds have been delivered to the Senior Indenture Trustee or transferred on the books of a Securities Depository for such Senior Bonds, and neither the former Owner or Beneficial Owner of such Senior Bonds nor any other person will have any claim thereon, under the Senior Indenture or otherwise, for any amount other than the Purchase Price thereof.

In the event of non-delivery of any Senior Bond to be purchased pursuant to the Senior Indenture, the Senior Indenture Trustee is to segregate and hold uninvested the moneys for the Purchase Price of such Senior Bond in trust, without liability for interest thereon, for the benefit of the former Owners or Beneficial Owners of such Senior Bond, who will, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Senior Bond. Any moneys that the Senior Indenture Trustee segregates and holds in trust for the payment of the Purchase Price of any Senior Bond and remaining unclaimed for two years after the date of purchase is to be paid automatically to the Authority. After the payment of such unclaimed moneys to the Authority, the former Owner or Beneficial Owner of such Senior Bond is to look only to the Authority for the payment thereof.

Remarketing of Tendered Senior Bonds.

Daily Put Bonds. Not later than 11:15 a.m. (New York City time) on each Business Day on which the Senior Indenture Trustee receives a notice from a Owner or Beneficial Owner of a Senior Bond bearing interest at a Daily Rate to be tendered pursuant to the provisions of the Senior Indenture permitting the Owner to tender such Senior Bond (the "Daily Put Bonds"), the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority, specifying the principal amount of Senior Bonds for which it has received such notice and the names of the Owner or Owners thereof. The Remarketing Agent will thereupon offer for sale and use its best efforts to find purchasers for such Daily Put Bonds, other than Credit Provider Bonds, which are to be remarketed pursuant to the Senior Indenture.

Not later than 11:30 a.m. (New York City time) on the Purchase Date described in the immediately preceding paragraph, the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Daily Put Bonds as of such Purchase Date and confirming the aggregate principal amount of the Daily Put Bonds.

Not later than 12:00 noon (New York City time) on any Purchase Date for Daily Put Bonds, the Remarketing Agent is to give notice to the Authority and the Senior Indenture Trustee of the principal amount of any Daily Put Bonds, that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Daily Put Bonds that have been remarketed to the Senior Indenture Trustee by 2:00 p.m. (New York City time) on such day pursuant to the Senior Indenture.

If a Remarketing Agent's notice pursuant to the immediately preceding paragraph indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Daily Put Bonds to be purchased on any Purchase Date or if the Senior Indenture Trustee does not receive a notice from the Remarketing Agent pursuant to the immediately preceding paragraph, the Senior Indenture Trustee is to demand payment under the applicable Liquidity Instrument then in effect with respect to the Tendered Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to the paragraph above, to pay the Purchase Price of the Daily Put Bonds. The Senior Indenture Trustee, immediately after such demand for payment, is to give notice to the Authority of the amount, if any, of such demand.

Weekly Put Bonds. Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Senior Indenture Trustee receives a notice from an Owner or Beneficial Owner of Senior Bonds bearing interest at a Weekly Rate to be tendered pursuant to the provisions of the Senior Indenture permitting the Owner to tender such Senior Bond (the "Weekly Put Bonds"), the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority specifying the principal amount of Senior Bonds for which it has received such notice, the names of the Owner or Owners thereof and the Purchase Date. The Remarketing Agent is to thereupon offer for sale and use its best efforts to find purchasers for such Weekly Put Bonds, other than Credit Provider Bonds, which are to be remarketed pursuant to the Senior Indenture.

Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in the immediately preceding paragraph, the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Weekly Put Bonds as of such Purchase Date and confirming the aggregate principal amount of the Weekly Put Bonds.

Not later than 11:30 a.m. (New York City time) on any Purchase Date for Weekly Put Bonds, the Remarketing Agent is to give notice to the Authority and the Senior Indenture Trustee of the principal amount of Weekly Put Bonds that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Weekly Put Bonds that have been remarketed to the Senior Indenture Trustee by 2:00 p.m. (New York City time) on the Purchase Date pursuant to the Senior Indenture.

If a Remarketing Agent's notice pursuant to the immediately preceding paragraph indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date or if the Senior Indenture Trustee does not receive a notice from the Remarketing Agent pursuant to the immediately preceding paragraph, the Senior Indenture Trustee is to demand payment under the applicable Liquidity Instrument then in effect with respect to the Weekly Put Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to the immediately preceding paragraph, to pay the Purchase Price of the Weekly Put Bonds. The Senior Indenture Trustee, immediately after such demand for payment, is to give notice to the Authority of the amount, if any, of such demand.

<u>Mandatory Tender Bonds</u>. Not later than 9:30 a.m. (New York City time) on each Purchase Date occurring pursuant to the Senior Indenture, the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority specifying the principal amount of all Outstanding Senior Bonds that are subject to mandatory tender on such Purchase Date pursuant to the Senior Indenture (the "Mandatory Tender Bonds") and the names of the registered Owner or Owners thereof. The Remarketing Agent thereupon is to offer for sale and use its best efforts to find purchasers for such Mandatory Tender Bonds (if there is still an obligation to remarket), other than Credit Provider Bonds, which are to be remarketed pursuant to the appropriate provisions of the Senior Indenture.

Not later than 10:00 a.m. (New York City time) on each Purchase Date described in the paragraph above, the Senior Indenture Trustee is to give notice to the Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Mandatory Tender Bonds as of the Purchase Date and confirming the aggregate principal amount of the Mandatory Tender Bonds. With respect to Mandatory Tender Bonds that are in an Index Rate Period, the Senior Indenture Trustee is to also give notice to the Remarketing Agent and the Authority of the premium, if any, payable with respect to such Mandatory Tender Bonds as of the Purchase Date.

Not later than 11:30 a.m. (New York City time) on any Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent is to give notice to the Senior Indenture Trustee and the Authority of the principal amount of Mandatory Tender Bonds that have not been remarketed in accordance with the Remarketing Agreement and its written commitment to deliver funds from the Mandatory Tender Bonds that have been remarketed to the Senior Indenture Trustee by 2:00 p.m. (New York City time) on the Purchase Date pursuant to the Senior Indenture.

If a Remarketing Agent's notice pursuant to the immediately preceding paragraph indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date or if the Senior Indenture Trustee does not receive a notice from the Remarketing Agent pursuant to the immediately preceding paragraph, the

Senior Indenture Trustee is to demand payment under the applicable Liquidity Instrument then in effect with respect to the Mandatory Tender Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to the paragraph above, to pay the Purchase Price of the Mandatory Tender Bonds. The Senior Indenture Trustee, immediately after such demand for payment, is to give notice to the Authority of the amount, if any, of such demand.

Optional Authority Deposit. If a Remarketing Agent's notice to the Senior Indenture Trustee and the Authority pursuant to the provisions summarized above indicates that such Remarketing Agent has remarketed less than all the Daily Put Bonds, Weekly Put Bonds, or Mandatory Tender Bonds to be purchased on any Purchase Date and the Senior Indenture Trustee does not receive sufficient funds from, or has received notice from a Liquidity Provider that it will not provide sufficient funds from, draws on the applicable Liquidity Instrument to pay the Purchase Price of all such Senior Bonds that have not been remarketed by 2:00 p.m. (New York City time) on the Purchase Date, the Senior Indenture Trustee immediately (but in no event later than 2:30 p.m. (New York City time)) is to give notice to the Authority specifying the principal amount and the Purchase Price of such Senior Bonds for which moneys will not be available in the applicable Bond Purchase Fund and requesting the Authority to deposit with the Senior Indenture Trustee as soon as possible on such Purchase Date, preferably by 3:00 p.m. (New York City time), an amount sufficient to pay that portion of the Purchase Price for which moneys will not be available in the applicable Bond Purchase Fund, such notice to be confirmed immediately by telecopy to the Authority. Such deposit by the Authority is to be at the option of the Authority.

Insufficient Funds. The Senior Indenture provides that if sufficient funds are not available for the purchase of all Senior Bonds tendered and required to be purchased on any Purchase Date, all Senior Bonds of such Series are to bear interest at the lesser of the SIFMA Swap Index plus 3% and the Maximum Interest Rate from the date of such failed purchase until all such Senior Bonds are purchased as required in accordance with the Senior Indenture, and that all tendered Senior Bonds of such Series are to be returned. Thereafter, the Senior Indenture Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Providers to purchase all Senior Bonds required to be purchased. The Senior Indenture provides that such failed purchase and return shall not constitute an Event of Default.

Limitation. The Remarketing Agent is to remarket the Senior Bonds, as provided therein, at not less than the Purchase Price thereof, except for Credit Provider Bonds, which are to be remarketed pursuant to the appropriate provisions of the Senior Indenture.

Deposits into Accounts in the Bond Purchase Fund. The terms of any sale by a Remarketing Agent of any Senior Bond tendered or deemed tendered for purchase pursuant to the Senior Indenture are to provide for the payment of the Purchase Price for such tendered or deemed tendered Senior Bond by such Remarketing Agent to the Senior Indenture Trustee for deposit in the applicable Remarketing Account of the applicable Bond Purchase Fund in immediately available funds at or before 2:00 p.m. (New York City time) on the Purchase Date. The Remarketing Agent is to cause to be paid to the Senior Indenture Trustee on each Purchase Date for tendered or deemed tendered Senior Bonds all amounts representing proceeds of the remarketing of such Senior Bonds, based upon the notice given by the Remarketing Agent pursuant to the Senior Indenture. All such amounts are to be deposited in the applicable Remarketing Account. The Senior Indenture Trustee is to deposit in the applicable Liquidity Instrument Purchase Account all amounts received under a Liquidity Instrument pursuant to the Senior Indenture. Upon receipt of any notice from the Senior Indenture Trustee that insufficient funds are on deposit in the applicable Bond Purchase Fund to pay the full Purchase Price of all Senior Bonds to be purchased on a Purchase Date, the Authority, at its option, is to deliver or cause to be delivered to the Senior Indenture Trustee immediately available funds in an amount equal to such deficiency prior to 3:00 p.m. (New York City time) on the Purchase Date. Any such funds are to be deposited in the applicable Authority Account. The Senior Indenture Trustee is to hold amounts in the applicable Bond Purchase Fund uninvested.

Disbursements from the Bond Purchase Fund.

Application of Moneys. Moneys in the applicable Bond Purchase Fund (other than the proceeds of any remarketing of Credit Provider Bonds, which are to be paid to the applicable Liquidity Provider on the remarketing date) are to be applied at or before 3:00 p.m. (New York City time) to the purchase of the applicable Senior Bonds as provided therein by the Senior Indenture Trustee, on each Purchase Date, as follows:

First – Moneys constituting funds in the applicable Remarketing Account are to be used by the Senior Indenture Trustee on any Purchase Date to purchase the applicable Senior Bonds tendered or deemed tendered for purchase at the Purchase Price.

Second – In the event such moneys in the applicable Remarketing Account on any Purchase Date are insufficient to purchase all applicable Senior Bonds tendered or deemed tendered for purchase pursuant to the Senior Indenture on such Purchase Date, moneys in the applicable Liquidity Instrument Purchase Account on such Purchase Date are to be used by the Senior Indenture Trustee at that time to purchase such remaining Senior Bonds at the Purchase Price thereof.

Third – If the amount of money in any applicable Remarketing Account and applicable Liquidity Instrument Purchase Account, if applicable, on any Purchase Date is insufficient to pay in full the Purchase Price of all applicable Senior Bonds tendered or deemed tendered for purchase pursuant to the Senior Indenture on such Purchase Date, moneys in the applicable Authority Account on such Purchase Date, if any, are to be used by the Senior Indenture Trustee at that time to purchase such remaining Senior Bonds at the Purchase Price thereof.

If the Senior Bonds tendered or deemed tendered for purchase pursuant to the Senior Indenture are Book-Entry Bonds, payment of the Purchase Price of such Senior Bonds will be made in accordance with the rules and procedures of the applicable Securities Depository.

Insufficient Funds. If sufficient funds are not available for the purchase of all Senior Bonds of a Series tendered or deemed tendered and required to be purchased on any Purchase Date (with the exception of Senior Bonds in an Index Rate Period), all Senior Bonds of such Series are to bear interest at the lesser of the SIFMA Swap Index plus three percent and the Maximum Interest Rate from the date of such failed purchase until all such Senior Bonds are purchased as required in accordance with the Senior Indenture, and all tendered Senior Bonds of such Series are to be returned to their respective Owners. Notwithstanding any other provision of the Senior Indenture, such failed purchase and return does not constitute an Event of Default. Thereafter, the Senior Indenture Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Provider for such Series of Senior Bonds.

Delivery of Remarketed Bonds. While the Senior Bonds are Book-Entry Bonds, transfer of ownership of the remarketed Senior Bonds is to be effected in accordance with the procedures of the applicable Securities Depository against delivery of funds for deposit into the applicable Remarketing

Account of the applicable Bond Purchase Fund equal to the Purchase Price of the Senior Bonds that have been remarketed.

Any Senior Bonds purchased with funds in the applicable Liquidity Instrument Purchase Account of the applicable Bond Purchase Fund are to be delivered and held in accordance with the Senior Indenture. Any Senior Bonds purchased with funds in the applicable Authority Account of the applicable Bond Purchase Fund are to be delivered and held in accordance with the instructions of the Authority furnished to the Senior Indenture Trustee. Such Senior Bonds are to be held available for registration of transfer and delivery by the Senior Indenture Trustee in such manner as may be agreed between the Senior Indenture Trustee and the applicable Liquidity Provider or the Authority, as the case may be.

Liquidity Instruments

With respect to the Senior Bonds bearing interest at a Weekly Rate or a Daily Rate, the Authority is to provide, or cause to be provided, to the Senior Indenture Trustee a Liquidity Instrument for each Series of Senior Bonds. The Authority may not reduce the amount of the Liquidity Instrument or permit a substitution of a Liquidity Provider thereunder without obtaining a Rating Confirmation with respect to such action unless such action is considered a substitution of the Liquidity Instrument subjecting the Senior Bonds affected thereby to mandatory purchase pursuant to the Senior Indenture. The Authority has the right at any time to provide a substitute Liquidity Instrument for any Liquidity Instrument then in effect. If there have been delivered to the Senior Indenture Trustee (i) a substitute Liquidity Instrument meeting the requirements of the Senior Indenture and (ii) the opinions and documents required by the Senior Indenture, then the Senior Indenture Trustee is to accept such substitute Liquidity Instrument and, if so directed by the Authority, on or after the effective date of such substitute Liquidity Instrument, promptly surrender the Liquidity Instrument being so substituted in accordance with the respective terms thereof for cancellation; provided the Senior Indenture Trustee will not surrender any Liquidity Instrument until all draws or requests to purchase Senior Bonds made under such Liquidity Instrument have been honored in accordance with the terms thereof. In the event that the Authority elects to provide a substitute Liquidity Instrument, the affected Senior Bonds are to be subject to mandatory tender unless a Rating Confirmation is received with respect to such substitution as provided in the Senior Indenture. Notwithstanding the foregoing, any Liquidity Instrument that is a direct pay Letter of Credit will only be substituted upon a mandatory tender of the Series of Bonds secured thereby.

In the event that a Liquidity Instrument is in effect, the Senior Indenture Trustee is to make a demand for payment under such Liquidity Instrument, subject to and in accordance with its terms and without seeking indemnity prior to the making of such demand, in order to receive payment thereunder on each Purchase Date.

Any Senior Bonds purchased with payments made under a Liquidity Instrument will constitute Credit Provider Bonds and are to be registered in the name of, or as otherwise directed by, the applicable Liquidity Provider and delivered to or upon the order of, or as otherwise directed by, such Liquidity Provider.

Unless otherwise provided in the Liquidity Instrument, Credit Provider Bonds are to be remarketed by the applicable Remarketing Agent prior to any other Senior Bonds of such Series tendered for purchase pursuant to the Senior Indenture and are to be remarketed in accordance with the terms of the applicable Remarketing Agreement. Upon (i) receipt by the Authority and the Senior Indenture Trustee of written notification from a Liquidity Provider that a Liquidity Instrument has been fully reinstated with respect to principal and interest and (ii) release by the applicable Liquidity Provider of any Credit Provider Bonds that the Remarketing Agent has remarketed, such Senior Bonds are to be made available to the purchasers thereof and no longer constitute Credit Provider Bonds for purposes of the Senior Indenture. The proceeds of any remarketing of Credit Provider Bonds are to be paid to the applicable Liquidity Provider by the Senior Indenture Trustee on such remarketing date in immediately available funds with interest on the sale price being calculated as if such Senior Bond were not a Credit Provider Bond; provided, however, if all such Senior Bonds are Credit Provider Bonds, at par plus accrued interest, and the remarketing date is to be considered an Interest Payment Date.

Substitute Liquidity Instruments

So long as any Series of Senior Bonds bear interest at a Variable Rate other than an Index Rate, a Term Rate or a Fixed Rate, on or prior to the expiration or termination of any existing Liquidity Instrument, including any renewals or extensions thereof (other than an expiration of such Liquidity Instrument at the final maturity of the Series of Senior Bonds to which such Liquidity Instrument relates), the Authority is to provide to the Senior Indenture Trustee a renewal or extension of the term of the existing Liquidity Instrument for such Series of Senior Bonds or a substitute Liquidity Instrument meeting the following requirements: (i) the obligations of the Liquidity Provider under the substitute Liquidity Instrument to purchase such Senior Bonds or otherwise provide for the Purchase Price of such Senior Bonds tendered or deemed tendered will not be subject to suspension or termination on less than 15 days notice to the Authority and the Senior Indenture Trustee; provided, however, that the obligations of a Liquidity Provider to purchase Senior Bonds of a Series or otherwise provide for the Purchase Price of such Senior Bonds may be immediately suspended or terminated without such notice upon the occurrence of such events as may be provided in a Liquidity Instrument and that are disclosed to the Owners of such Senior Bonds in connection with the provision of such substitute Liquidity Instrument or, if applicable, upon the remarketing of such Senior Bonds upon the mandatory tender thereof as a result of provision of another Liquidity Instrument; (ii) the substitute Liquidity Instrument must take effect on or before the Purchase Date for the applicable Series of Senior Bonds established pursuant to the Senior Indenture; and (iii) the substitute Liquidity Instrument must be in an amount sufficient to pay the maximum Purchase Price of the affected Series of Senior Bonds which is to be applicable during the Rate Period commencing on such substitution.

Prior to the date of the delivery of a substitute Liquidity Instrument to the Senior Indenture Trustee, the Authority is to cause to be furnished to the Senior Indenture Trustee (i) an Opinion of Bond Counsel addressed to the Senior Indenture Trustee to the effect that the delivery of such substitute Liquidity Instrument to the Senior Indenture Trustee is authorized under the Senior Indenture and complies with the terms thereof and will not, in and of itself, adversely affect the Tax-Exempt status of interest on the affected Series of Senior Bonds and (ii) an opinion or opinions of counsel to the Liquidity Provider for such substitute Liquidity Instrument addressed to the Senior Indenture Trustee, to the effect that the substitute Liquidity Instrument has been duly authorized, executed and delivered by the applicable Liquidity Provider and constitutes the valid, legal and binding obligation of such Liquidity Provider enforceable against such Liquidity Provider in accordance with its terms and (iii) if the affected Series of Senior Bonds are not subject to mandatory tender for purchase, the Rating Confirmation required by the Senior Indenture.

The Senior Indenture Trustee is to give notice of the proposed substitution of a Liquidity Instrument not later than the fifteenth day prior to the substitution date.

Purchase of Senior Bonds at Direction of Authority

If less than all of the Outstanding Senior Bonds of any Series are called for mandatory tender for purchase at the direction of the Authority, the principal amount and maturity of such Senior Bonds to be purchased are to be selected by the Authority in its sole discretion. If less than all of any Series of Senior Bonds of like maturity are to be called for mandatory tender for purchase at the direction of the Authority, the particular Senior Bonds or portions of Senior Bonds to be purchased are to be selected at random by the Senior Indenture Trustee in such manner as the Senior Indenture Trustee in its discretion may deem fair and appropriate; provided, however, that in selecting portions of Senior Bonds for purchase, the Senior Indenture Trustee is to treat each Senior Bond of the same Series as representing that number of Senior Bonds of the minimum Authorized Denomination for the Senior Bonds that is obtained by dividing the principal amount of such Senior Bond by the minimum Authorized Denomination for the Senior Bonds.

Deposit of Senior Bonds. The Senior Indenture Trustee agrees to accept and hold all Senior Bonds delivered to it pursuant to the Senior Indenture in trust for the benefit of the respective Owners or Beneficial Owners that will have so delivered such Senior Bonds until the Optional Purchase Price of such Senior Bonds will have been delivered to or for the account of or to the order of such Owners or Beneficial Owners pursuant to the Senior Indenture. Any Senior Bonds purchased pursuant to the Senior Indenture and registered for transfer to the Senior Indenture Trustee are to be held in trust by the Senior Indenture Trustee for the benefit of the Authority until delivery to the Authority.

Payment of Optional Purchase Price of Senior Bonds. Moneys held by the Senior Indenture Trustee for the payment of the Optional Purchase Price of Senior Bonds subject to mandatory tender for purchase at the option of the Authority are to be applied at or before 3:00 p.m. (New York City time) to the purchase of such Senior Bonds. While such Senior Bonds are Book-Entry Bonds, payment of the Optional Purchase Price for tendered Senior Bonds is to be made in accordance with the rules and procedures of the applicable Securities Depository.

Senior Bonds Owned by Authority. Any Senior Bonds purchased by the Authority pursuant to the Senior Indenture are not to be cancelled by the Senior Indenture Trustee unless such cancellation is directed by an Authorized Representative but are to remain Outstanding for all purposes of the Senior Indenture, except as otherwise provided in the Senior Indenture.

The Authority covenants and agrees in the Senior Indenture that it will not transfer or cause the transfer of any Senior Bond purchased by the Authority pursuant to the Senior Indenture unless the Authority delivers to the Senior Indenture Trustee a Favorable Opinion of Bond Counsel with respect to such transfer.

The Authority covenants and agrees in the Senior Indenture that, in the event that at any time there are insufficient funds in the Bond Fund or the Redemption Fund, as applicable, to pay the principal of and interest then due on the Outstanding Senior Bonds, it is to surrender or cause to be surrendered to the Senior Indenture Trustee for cancellation any Senior Bonds held by the Authority.

Funds and Accounts

Establishment and Application of Bond Fund. Not less than three Business Days prior to each date when the Authority is required to pay principal or interest on the Senior Bonds or amounts due on Senior Parity Obligations, as provided in the Senior Indenture, the Authority is to transfer to the Senior Indenture Trustee from the Bay Area Toll Account such amount of Revenue as is required to make such payments. Upon receipt, all Revenue is to be deposited by the Senior Indenture Trustee in the Bond Fund which the Senior Indenture Trustee is to establish, maintain and hold in trust. All Revenue held in the Bond Fund is to be held, applied, used and withdrawn only as provided in the Senior Indenture. On or before the date when principal and interest on the Senior Bonds and amounts due on Senior Parity

Obligations are due and payable, the Senior Indenture Trustee is to transfer from the Bond Fund and deposit (or transfer as appropriate to the holder or trustee of the Senior Parity Obligations the amounts then due thereon) into the following respective accounts (each of which the Senior Indenture Trustee is to establish and maintain within the Bond Fund), in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenue sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. The Senior Indenture Trustee is to set aside in the Interest Account in the manner and at the times specified in the Senior Indenture amounts sufficient to pay the interest on the Senior Bonds and scheduled payments on Qualified Swap Agreements as and when due. Moneys in the Interest Account are to be used and withdrawn by the Senior Indenture Trustee solely for the purpose of paying interest on the Senior Bonds and scheduled payments on Qualified Swap Agreements as such interest and payments become due and payable, provided that moneys in any separate account established to pay interest on a Series of Senior Bonds is to be used and withdrawn solely to pay interest on such Senior Bonds as and when due.

(2) Principal Account. The Senior Indenture Trustee is to set aside in the Principal Account in the manner and at the times specified in the Senior Indenture amounts sufficient to pay the principal of Senior Bonds (including any sinking fund payments) as and when due (whether at maturity or upon redemption or on account of sinking fund requirements). Moneys in the Principal Account are to be used and withdrawn by the Senior Indenture Trustee solely for the purpose of paying principal of the Senior Bonds (including any sinking fund payments) as and when due, provided that moneys in any separate account established to pay principal on a Series of Senior Bonds are to be used and withdrawn solely to pay principal of such Senior Bonds as and when due.

Any moneys remaining in the Bond Fund after the foregoing transfers are to be transferred to the Authority and are to be deposited by the Authority in the Bay Area Toll Account; provided, however, that if the amount then on deposit in the Reserve Fund is less than the Reserve Requirement or if any Reserve Facility Costs will then be due and payable, such moneys are to be transferred to the Reserve Fund until such time as the amount on deposit in the Reserve Fund is equal to the Reserve Requirement and all Reserve Facility Costs have been paid; and provided further that if the amount on deposit in the Reserve Fund is equal to the Reserve Requirement, no Reserve Facility Costs are then due and payable and the Authority is to so direct the Senior Indenture Trustee in writing, such moneys are to be transferred to and deposited in the Subordinate Obligations Fund or if there are no Subordinate Obligations then outstanding, such moneys are to be transferred to and deposited in the Fees and Expenses Fund.

Establishment and Application of the Reserve Fund. On the date of issuance of each Series of Senior Bonds, an amount equal to the Reserve Requirement for such Senior Bonds is required to be deposited in the Reserve Fund. Moneys in the Reserve Fund are to be used and withdrawn by the Senior Indenture Trustee solely for the purposes of paying principal and interest on the Senior Bonds when due when insufficient moneys for the payment thereof are on deposit in the Principal Account and the Interest Account or (together with any other moneys available therefor) for the payment or redemption of all Senior Bonds then Outstanding or, for the payment of the final principal and interest payment of a Series of Senior Bonds, if following such payment the amounts in the Reserve Fund (including the amounts which may be obtained from letters of credit, surety bonds and insurance policies on deposit therein) will equal the Reserve Requirement.

In the event that the Senior Indenture Trustee has withdrawn moneys in the Reserve Fund for the purpose of paying principal and interest on the Senior Bonds when due as provided pursuant to the provisions of the Senior Indenture described in the immediately preceding paragraph, the Senior Indenture Trustee is to promptly notify the Authority of such withdrawal. Upon receipt of such notification, the Authority, on or prior to the first Business Day of each month, commencing the month after such notification is received from the Senior Indenture Trustee by the Authority, is to transfer to the Senior Indenture Trustee for deposit in the Reserve Fund, an amount equal to 1/12th of the aggregate amount of each unreplenished withdrawal until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement.

Upon receipt of any notification from the Senior Indenture Trustee of a deficiency in the Reserve Fund due to any required valuation of investments in the Reserve Fund provided by the Senior Indenture Trustee pursuant to the Senior Indenture, the Authority, on or prior to the first Business Day of each month, commencing the month after such notification is received from the Senior Indenture Trustee by the Authority, is to transfer to the Senior Indenture Trustee for deposit in the Reserve Fund, an amount equal to 1/12th of the aggregate amount of each unreplenished withdrawal until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement.

Funding of the Reserve Fund. The Reserve Requirement for any Series of Senior Bonds, or any portion thereof, may be funded with a Reserve Facility. If the Reserve Requirement is satisfied by a Reserve Facility, the Senior Indenture Trustee is to draw on such Reserve Facility in accordance with its terms and the terms of the Senior Indenture, in a timely manner, to the extent necessary to fund any deficiency in the Interest Account or the Principal Account. The Authority is to repay solely from Revenue any draws under a Reserve Facility and any Reserve Facility Costs related thereto. Interest is to accrue and be payable on such draws and expenses from the date of payment by a Reserve Facility Provider at the rate specified in the agreement with respect to such Reserve Facility.

If any obligations are due and payable under the Reserve Facility, any new funds deposited into the Reserve Fund are to be used and withdrawn by the Senior Indenture Trustee to pay such obligations. The pledge of amounts on deposit in certain funds and accounts held by the Senior Indenture Trustee under the Senior Indenture to secure payment of Reserve Facility Costs set forth in the Senior Indenture is on a basis subordinate to the pledge of such amounts to the Senior Indenture Trustee for payment of the Senior Bonds and Senior Parity Obligations.

Amounts in respect of Reserve Facility Costs paid to a Reserve Facility Provider are to be credited first to the expenses due, then to interest due and then to principal due. As and to the extent payments are made to a Reserve Facility Provider on account of principal due, the coverage under the Reserve Facility is to be increased by a like amount, subject to the terms of the Reserve Facility. Payment of Reserve Facility Costs with respect to amounts drawn under multiple Reserve Facilities are to be made on a pro-rata basis prior to the replenishment of any cash drawn from the Reserve Fund.

If the Authority fails to pay any Reserve Facility Costs in accordance with the requirements described above, a Reserve Facility Provider is to be entitled to exercise any and all legal and equitable remedies available to such Reserve Facility Provider, including those provided under the Senior Indenture other than remedies which would adversely affect Owners of the Senior Bonds. The Senior Indenture will not be discharged until all Reserve Facility Costs owing to a Reserve Facility Provider have been paid in full. The Authority's obligation to pay such amounts expressly survives payment in full of the Senior Bonds.

In the event that the rating for a Reserve Facility Provider is withdrawn or reduced by Moody's or S&P to a rate below the requirements specified in the definition of Reserve Facility set forth above, the Authority is to obtain a substitute or replacement Reserve Facility within 60 days from the date of such reduction or withdrawal to the extent that, in the judgment of the Authority, such a substitute or replacement Reserve Facility is available upon reasonable terms and at a reasonable cost, or the Authority has deposited cash or other Permitted Investments (to the extent the same are available from Revenue), in order to provide that there is to be on deposit in the Reserve Fund an amount equal to the Reserve Requirement.

If the Authority causes a cash-funded Reserve Fund or any portion thereof to be replaced with a Reserve Facility, the amount on deposit in the Reserve Fund which is being replaced is to be transferred to the Authority which will deposit such amount in the Bay Area Toll Account, subject, in the case where such moneys are proceeds of Senior Bonds, to the receipt by the Authority of an Opinion of Bond Counsel to the effect that such transfer will not cause the interest on the Senior Bonds to be included in gross income for purposes of federal income taxation.

Establishment and Application of Subordinate Obligations Fund. Upon the written direction of the Authority, the Senior Indenture Trustee is to establish, maintain and hold in trust a separate fund designated as the "Subordinate Obligations Fund." After the transfers required from the Bond Fund have been made pursuant to the Senior Indenture, if there are Subordinate Obligations then Outstanding, the Senior Indenture Trustee is to transfer remaining Revenue to the Subordinate Obligations Fund and is to comply with the directions provided by the Authority pursuant to the Senior Indenture with respect to application of amounts deposited in the to the Subordinate Obligations Fund. The Authority has entered into the Subordinate Indenture, dated as of June 1, 2010, in order to provide for the issuance of Subordinate Obligations and will make debt service payments on bonds issued under the Subordinate Indenture directly from the Bay Area Toll Account and not through the Subordinate Obligations Fund under the Senior Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" in the Information Statement for information about Subordinate Obligations.

Establishment and Application of Fees and Expenses Fund. The Senior Indenture Trustee is to establish, maintain and hold in trust a separate fund designated as the "Fees and Expenses Fund." After the transfers required from the Bond Fund have been made pursuant to the Senior Indenture, if there are Subordinate Obligations then Outstanding, the Senior Indenture Trustee is to transfer remaining Revenue to the Subordinate Obligations Fund and is to comply with the directions provided by the Authority pursuant to the Senior Indenture with respect to application of amounts deposited in the Subordinate Obligations Fund. After such funds have been applied, the Senior Indenture Trustee is to transfer remaining Revenue to the Fees and Expenses Fund. All moneys in the Fees and Expenses Fund are to be used and withdrawn by the Senior Indenture Trustee to pay Fees and Expenses as directed by and in accordance with a Written Request of the Authority. Upon the payment of Fees and Expenses by the Senior Indenture Trustee, remaining Revenue, if any, are to be promptly transferred by the Senior Indenture Trustee to the Authority for deposit in the Bay Area Toll Account. The payment of obligations from the Fees and Expenses Fund is subordinate to the payment of Subordinate Obligations, and so the Authority will instruct the Senior Indenture Trustee that, in the event of a shortfall in funds to pay Subordinate Obligations, amounts in the Fees and Expenses Fund that are not needed to pay Senior Obligations will be made available to pay Subordinate Obligations.

Establishment and Application of Redemption Fund. The Senior Indenture Trustee is to establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the Authority with the Senior Indenture Trustee for the purpose of redeeming Senior Bonds of any Series, unless otherwise provided in the Supplemental Indenture establishing the terms and conditions for such Series of Senior Bonds, are to be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund are to be used and withdrawn by the Senior Indenture Trustee solely for the purpose of redeeming Senior Bonds of such Series and maturity as are specified by the Authority in a Written Request of the Authority delivered to the Senior Indenture Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which such Series of Senior Bonds was issued.

Application of Operations and Maintenance Fund. Within ten Business Days after the beginning of each Fiscal Year, the Authority is to deposit in the Operations and Maintenance Fund such amount as is necessary so that the amount on deposit in the Operations and Maintenance Fund will equal two times budgeted Operations & Maintenance Expenses for such Fiscal Year, such amount to be deposited from Bridge Toll Revenues on deposit in the Bay Area Toll Account. Amounts on deposit in the Operations and Maintenance Fund are to be used and withdrawn by the Authority solely to pay Operations & Maintenance Expenses.

In the event that Bridge Toll Revenues on deposit in the Bay Area Toll Account are not sufficient at the beginning of any Fiscal Year to enable the Authority to make the transfer provided for pursuant to the provisions of the Senior Indenture described in the preceding paragraph at the beginning of such Fiscal Year, the Authority is not required to make such transfer for such Fiscal Year and failure of the Authority to make the transfer at the beginning of any Fiscal Year does not constitute an Event of Default under the Senior Indenture for as long as the Authority is in compliance with the provisions of the Senior Indenture concerning payment of principal and interest on the Senior Bonds and the covenants concerning toll rates described below under the caption "Covenants of the Authority - Toll Rate Covenants."

Establishment and Application of Rebate Fund. Upon the written direction of the Authority, the Senior Indenture Trustee is to establish and maintain a separate fund designated as the Rebate Fund and there is to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to each Tax Certificate and the Code. All money at any time deposited in the Rebate Fund are to be held by the Senior Indenture Trustee to satisfy the Rebate Requirement (as such term is defined in the Tax Certificate) for payment to the United States of America.

Credit Support Instruments; Principal and Interest Payments. In the event the Authority has provided to the Trustee a Credit Support Instrument in the form of a direct pay letter of credit for any Series of Senior Bonds providing for drawings by the Trustee to pay principal of and interest on Bonds of such Series, the Trustee will draw under such Credit Support Instrument in accordance with the Credit Support Instrument and apply the proceeds to the payment of principal of and interest on such Series of Senior Bonds in accordance with the Credit Support Instrument and prior to applying Revenue received from the Authority to the payment of principal of and interest on such Senior Bonds and Parity Obligations. Such drawings are to be made in an amount necessary and in sufficient time (in accordance with the terms of such Credit Support Instrument) to allow the Trustee to pay, as applicable: (i) the interest on such Series of Bonds in the manner and at the times specified by the Supplemental Indenture relating to such Series of Bonds; and (ii) principal (including sinking fund payments) as and when due (whether at maturity or upon redemption or on account of sinking fund requirements).

The reimbursement obligation under a Credit Support Agreement relating to any drawing on a Credit Support Instrument to pay principal of or interest due on a Series of Bonds referred to in the preceding paragraph will, if specified in such Credit Support Agreement, constitute a Parity Obligation of the Authority, and the amounts due under such Credit Support Agreement on account of such drawing will be paid by the Authority to the Trustee pursuant to and in accordance with the provisions described above under the caption "Establishment and Application of Bond Fund". After a drawing under a Credit Support Instrument has been honored by a Credit Provider and the proceeds of such drawing have been applied to the payment of principal of and interest on the applicable Series of Bonds as provided in the preceding paragraph, the Trustee will reimburse such Credit Provider for the amount of the interest drawing when due using moneys so provided by the Authority to the Trustee.

In the event the Authority has provided to the Trustee a Credit Support Instrument in the form of a direct pay letter of credit for any Series of Bonds providing for drawings by the Trustee to purchase Bonds of such Series, the Trustee will make drawings under such Credit Support Instrument in accordance with the Credit Support Instrument and apply the proceeds to the purchase of Bonds of such Series in accordance with the Credit Support Instrument and the provisions of the Indenture providing for the purchase of Bonds of such Series. The reimbursement obligation under a Credit Support Agreement relating to any drawing on a Credit Support Instrument to so purchase Bonds will, if specified in such Credit Support Agreement, constitute a Parity Obligation of the Authority, and the amounts due under such Credit Support Agreement on account of such drawing are to be paid by the Authority to the Trustee pursuant to and in accordance with the provisions of described above under the caption "Establishment and Application of Bond Fund" and paid to the Credit Provider(s) entitled thereto pursuant to the Credit Support Agreement and in accordance with the first paragraph described above under the caption "Establishment and Application of Bond Fund" (without duplication of any amounts otherwise paid as principal of or interest on the Credit Provider Bonds resulting from such drawing from Revenue or from remarketing proceeds).

Funds received by the Trustee on account of any such drawing under a Credit Support Agreement to purchase Bonds will be held uninvested and be deposited in the bond purchase fund established under the Indenture for such Series of Bonds and also held uninvested in that fund. Such funds will be held in trust in accordance with the Indenture, shall not be used for any other purpose, and the Trustee shall have no lien for its own benefit thereon.

Establishment and Application of Credit Support Instrument Sub-Accounts. Notwithstanding anything to the contrary contained in the Indenture, the Trustee will segregate funds received from a Credit Provider pursuant to a draw on a Credit Support Instrument in the form of a direct pay letter of credit for any Series of Bonds from all other funds held by the Trustee pursuant to the terms of the Indenture and will establish within the funds and accounts held by the Trustee pursuant to the Indenture such sub-accounts as the Trustee determines are necessary to carry out such obligation.

Investment of Moneys in Funds and Accounts

Moneys held by the Authority in the Bay Area Toll Account and in the funds and accounts created under the Senior Indenture and held by the Authority, including the Operations and Maintenance Fund, will be invested and reinvested in any lawful investment of the Authority.

Moneys held by the Senior Indenture Trustee in the funds and accounts created under the Senior Indenture are to be invested and reinvested in Permitted Investments in accordance with the written instructions of an Authorized Representative of the Authority.

Unless otherwise specified in the Supplemental Indenture creating a Series of Senior Bonds, all Permitted Investments are to be held by or under the control of the Senior Indenture Trustee and are to be deemed at all times to be a part of the fund or account which was used to purchase the Permitted Investment. Unless otherwise provided by written instruction of an Authorized Representative or in a Supplemental Indenture, all interest, profits and other income received from the investment of moneys in any fund or account held by the Senior Indenture Trustee, other than a Construction Fund or the Rebate Fund, are to be transferred to the Bond Fund when received and all interest, profits and other income received from the investment of moneys in any Construction Fund are to be deposited in such

Construction Fund. All interest, profits and other income received from the investment of moneys in the Rebate Fund will be deposited in the Rebate Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security is to be credited to the fund or account from which such accrued interest was paid.

The Senior Indenture Trustee is authorized to sell or redeem and reduce to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account is or will be insufficient to make any required disbursement. Absent specific instructions from an Authorized Representative, the Senior Indenture Trustee is to invest cash balances in Permitted Investments described in clause (xii) of the definition thereof unless otherwise specified in a Supplemental Indenture.

All Investment Securities credited to the Reserve Fund are to be valued as of April 1 of each year (or the next succeeding Business Day if such day is not a Business Day). All Investment Securities credited to the Reserve Fund are to be valued at their fair market value determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Senior Indenture Trustee in its discretion.

The Senior Indenture Trustee or its affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any investment with the prior written approval of an Authorized Representative. The Senior Indenture Trustee may commingle any of the moneys held by it pursuant to the Senior Indenture (except for amounts on deposit in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument) for investment purposes only; provided, however, that the Senior Indenture Trustee is to account separately for the moneys belonging to each fund or account established pursuant to the Senior Indenture and held by it.

Additional Senior Bonds; Subordinate Obligations

Restrictions on Issuance of Additional Senior Bonds. Subsequent to the issuance of the Initial Senior Bonds, no additional Senior Bonds (or Senior Parity Obligations) are to be issued unless at least one of the following is true immediately following the issuance of such additional Senior Bonds:

(a) the additional Senior Bonds (or Senior Parity Obligations) are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Outstanding Senior Bonds (or Senior Parity Obligations) to be refunded; (2) all expenses incident to the calling, retiring or paying of such Outstanding Senior Bonds (or Senior Parity Obligations) and the Costs of Issuance of such refunding Senior Bonds; (3) interest on all Outstanding Senior Bonds (or Senior Parity Obligations) to be refunded to the date such Senior Bonds will be called for redemption or paid at maturity; and (4) interest on the refunding Senior Bonds (or Senior Parity Obligations) from the date thereof to the date of payment or redemption of the Senior Bonds (or Senior Parity Obligations) to be refunded.

(b) the Board determines that one of the following is true: (1) the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Bonds (and Senior Parity Obligations), calculated as of the date of sale of, and including such additional Senior Bonds, will not be less than 1.50:1; or (2) the ratio of (A) projected Net Revenue for each of the next three (3) Fiscal Years, including in such projections amounts projected to be received from any adopted toll increase or planned openings of an additional Bay Area Bridge, to (B) Maximum Annual Debt Service on the Senior Bonds (and Senior Parity Obligations), calculated as of the date of sale of, and including such additional Senior Bonds (and Senior Parity Obligations), will not be less than 1.50:1.

Maximum annual debt service with respect to Senior Parity Obligations is to be determined using the principles set forth in the definition of Maximum Annual Debt Service; provided that if a Senior Parity Obligation is contingent upon funds being provided under a Credit Support Instrument to pay principal or purchase price of or interest on a Senior Bond, such Senior Parity Obligations will not be considered outstanding until such payment is made thereunder.

For Additional Senior Bonds and Senior Parity Obligations issued to finance a Project that includes toll bridge program capital improvements for any bridge newly designated after January 1, 2006 as a Bay Area Bridge, projected Net Revenue for such bridge is to be calculated using estimates of Bridge Toll Revenues prepared by a Traffic Consultant unless that bridge has been an operating toll bridge for at least three Fiscal Years.

Proceedings for Issuance of Additional Senior Bonds. Subsequent to the issuance of the Initial Senior Bonds, whenever the Authority determines to issue additional Senior Bonds (and Senior Parity Obligations), the Authority shall, in addition to fulfilling the requirements of the Senior Indenture described above, file with the Senior Indenture Trustee:

(a) a certificate of the Authority stating that no Event of Default specified in the Senior Indenture has occurred and is then continuing;

(b) a certificate of the Authority stating that the requirements of the Senior Indenture described under the caption “Restrictions on Issuance of Additional Senior Bonds” have been satisfied;

(c) if such additional Senior Bonds are being issued based upon compliance with subparagraph (b)(1) above under the caption “Restrictions on Issuance of Additional Senior Bonds,” a Certificate of the Authority stating that nothing has come to the attention of the Authority that would lead the Authority to believe that there has been a material adverse change in the operation of the Bay Area Bridges such that Net Revenue for the then current Fiscal Year would be insufficient to meet the debt service coverage requirement set forth in subparagraph (b)(1) above under the caption “Restrictions on Issuance of Additional Senior Bonds”;

(d) the balance in the Reserve Fund upon receipt of the proceeds of the sale of such Series of Senior Bonds shall be increased, if necessary, to an amount at least equal to the Reserve Requirement with respect to all Senior Bonds Outstanding upon the issuance of such Series of Senior Bonds; and

(e) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture creating such Series of Senior Bonds has been duly authorized by the Authority in accordance with the Senior Indenture and that such Series of Senior Bonds, when duly executed by the Authority and authenticated and delivered by the Senior Indenture Trustee, are to be valid and binding obligations of the Authority.

Subordinate Obligations. Except to the extent restricted by a Supplemental Indenture, the Authority may issue or incur obligations payable out of Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Senior Bonds and Senior Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Senior Indenture or as required by the instrument pursuant to which such Senior Parity Obligations were issued or incurred, as applicable.

Covenants of the Authority

Punctual Payment. The Authority is to punctually pay the principal and Purchase Price of and the interest on (and redemption premiums, if any) to become due on the Senior Bonds in strict conformity with the terms of the Act, the Senior Indenture and the Senior Bonds, and is to faithfully observe and perform all of the agreements and covenants contained in the Senior Indenture and the Senior Bonds.

Against Encumbrances; First Lien Indebtedness; Subordinated Bonds. The Authority is not to create or cause or permit to be created any pledge, lien, charge or encumbrance having priority over, or having parity with, the lien of the Senior Bonds and Senior Parity Obligations upon any of the Revenue or issue any bonds, notes or other obligations secured by a pledge of or charge or lien upon Revenue except Senior Bonds and Senior Parity Obligations; provided that the Authority may at any time, or from time to time, issue or incur Subordinate Obligations as provided in the Senior Indenture.

Tax Covenants. The Authority is not to use or permit the use of any proceeds of the Senior Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations that would cause the interest on Senior Bonds intended by the Authority to be exempt from federal income taxation to become subject to federal income taxation, and will not take or permit to be taken any other action or actions, which would cause any such Senior Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Authority is to observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority covenants to comply with the provisions and procedures of each Tax Certificate.

With respect to build America bonds it has issued, the Authority is not to use or permit the use of any proceeds of such Senior Bonds or any funds of the Authority or any funds held by the Senior Indenture Trustee under the Senior Indenture, directly or indirectly, in any manner, nor to take or omit to take any action, that would adversely affect the receipt of the Subsidy Payments.

Toll Rate Covenants. The Authority covenants that it is at all times to establish and maintain tolls on the Bay Area Bridges at rates sufficient to meet Operations & Maintenance Expenses, to otherwise comply with the Act and to pay debt service on all Outstanding Senior Bonds and Senior Parity Obligations secured by Revenue.

In addition to the requirements of the Senior Indenture described in the above paragraph, while any Senior Bonds or Senior Parity Obligations remain Outstanding, the Authority covenants: (i) to compute Net Revenue, MTC Transfers, Subordinated Maintenance Expenditures, Annual Debt Service, Subordinate Obligations, and the ratios required by the provisions of the Senior Indenture described in the following subsection (iii) (such ratios being hereinafter referred to as the "Coverage Ratios") within ten Business Days after the beginning of each Fiscal Year (such date of computation being hereinafter referred to as a "Toll Coverage Calculation Date"), commencing with the Fiscal Year beginning July 1, 2001; (ii) to furnish to the Senior Indenture Trustee and each Credit Provider a Certificate of the Authority setting forth the results of such computations and such Coverage Ratios, such Certificate to be provided no later than two months after the beginning of each Fiscal Year; and (iii) to increase tolls if on any Toll Coverage Calculation Date, (x) the ratio produced by dividing Net Revenue by the sum of Annual Debt Service and MTC Transfers (such sum being hereinafter referred to as "Fixed Charges"), Subordinated Maintenance Expenditures for the then current Fiscal Year and payments on Subordinate Obligations for the then current Fiscal Year (determined using the principles set forth in the definition of Annual Debt Service but excluding payments that are one-time or extraordinary payments, such as termination payments on Qualified Swap Agreements) is less than 1.0 or (y) the ratio produced by dividing the sum of (1) Net Revenue and (2) any funds then on deposit in the Operations and Maintenance Fund by Fixed Charges for the then current Fiscal Year is less than 1.25, or (z) the ratio produced by dividing Net Revenue by Annual Debt Service for the then current Fiscal Year is less than 1.20. For purposes of such calculations, Net Revenue and Subordinated Maintenance Expenditures are determined by reference to the current budget of the Authority.

Toll Rate Coverage and Additional Senior Bonds Calculations. In calculating the additional Senior Bonds (or Senior Parity Obligations) test provided for in the Senior Indenture and determining compliance with the toll rate covenants in the Senior Indenture, the Authority in its computations shall not include in the Revenue component of Net Revenue any amounts on deposit in the Reserve Fund.

Payment of Claims. The Authority is to pay and discharge any and all lawful claims which, if unpaid, might become a charge or lien upon the Revenue or any part thereof or upon any funds in the hands of the Authority or the Senior Indenture Trustee prior to or on a parity with the charge and lien upon the Revenue securing any Senior Bonds.

Accounting Records and Financial Statements. The Authority is to keep appropriate accounting records in accordance with generally accepted accounting principles. Such accounting records, at all times during business hours, are to be subject to the inspection of the Senior Indenture Trustee or of any Holder (or its representative authorized in writing).

The Authority is to prepare and file with the Senior Indenture Trustee annually within 210 days after the close of each Fiscal Year financial statements of the Authority for such fiscal year, together with an audit report thereon prepared by an Independent Certified Public Accountant.

Protection of Revenue and Rights of Holders. The Authority is to preserve and protect the security of the Senior Bonds and Senior Parity Obligations and the rights of the Bondholders and the holders of Senior Parity Obligations and is to warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Senior Bonds by the Authority, the Senior Bonds are to be incontestable by the Authority.

Payment of Governmental Charges and Compliance with Governmental Regulations. The Authority is to pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Revenue, or any part thereof, promptly as and when the same become due and payable, except that the Authority will not be required to pay any such governmental charges so long as the application or validity thereof is contested in good faith and the Authority has set aside reserves to cover such payments.

Further Assurances. The Authority is to adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Senior Indenture and for the better assuring and confirming unto the Holders of the rights and benefits provided therein.

Debt Policy. The Authority is to maintain in effect at all times a debt policy that includes a prohibition against the use by the Authority of financial instruments authorized by California Government Code sections 5920-5924 or any similar law for speculative purposes.

Additional Security. The Authority irrevocably directs that all Subsidy Payments be made to the Senior Indenture Trustee for the payment of interest on Senior Bonds pursuant to this Indenture. Any Subsidy Payments received by the Authority shall be promptly remitted to the Senior Indenture Trustee.

The Senior Indenture Trustee shall deposit all Subsidy Payments to the Interest Account upon receipt thereof and thereby constitute those amounts Revenue. The Senior Indenture Trustee shall file such forms with the Internal Revenue Service and take all other such actions as the Authority has notified it in writing may be necessary to request and receive the Subsidy Payments on the Authority's behalf and the Senior Indenture Trustee has no responsibility therefor other than following the Authority's written instructions. Unless and until the proposed Build America Bonds Amendment becomes effective, all Subsidy Payments received or expected to be received, as applicable, shall be included in Net Revenue for purposes of the additional bonds test and rate covenants set forth in the Senior Indenture. Upon the effective date of the Build America Bonds Amendment and thereafter, Net Revenue shall be calculated by excluding the Subsidy Payments therefrom but the deposit of the Subsidy Payments to the Interest Account upon receipt thereof shall continue.

Events of Default and Remedies of Bondholders

Events of Default. The following events shall be Events of Default:

(a) Default in the payment of any interest on any Senior Bond when and as the same has become due;

(b) Default in the payment of the principal or Purchase Price of or premium, if any, on any Senior Bond when and as the same has become due, whether at the stated maturity or redemption date thereof or otherwise; or

(c) Default in the observance or performance of any other covenant or agreement of the Authority contained in the Senior Indenture and the continuance thereof for a period of 60 days after written notice thereof to the Authority given by the Senior Indenture Trustee.

Notwithstanding the foregoing, pursuant to amendments to the Senior Indenture, the failure to pay the Purchase Price of Senior Bonds is not an Event of Default. See "Mechanics of Optional and Mandatory Tenders" herein.

In case one or more Events of Default occurs, then and in every such case the Senior Indenture Trustee may, and shall at the request of the Holders of not less than a majority of the aggregate principal amount of any Series of Senior Bonds then Outstanding (or such greater percentage of the Holders of Senior Bonds of any Series as may be specified in the Supplemental Indenture creating such Series), proceed to protect and enforce Bondholder rights by such appropriate judicial proceeding as the Senior Indenture Trustee deems most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Senior Indenture, or in aid of the exercise of any power granted in the Senior Indenture, or to enforce any other legal or equitable right vested in the Bondholders by the Senior Indenture or the Senior Bonds or by law.

No Acceleration Permitted. The remedies available to the Senior Trustee and the Holders of Senior Bonds upon and following the occurrence of an Event of Default do not include acceleration of the maturity of any Senior Bonds. The remedies available to the Subordinate Indenture Trustee and the holders of Subordinate Bonds upon and following the occurrence of an event of default under the Subordinate Indenture do not include acceleration of the maturity of any Subordinate Bonds.

Senior Indenture Trustee

The Senior Indenture Trustee, during the existence of any Event of Default (which has not been cured), is to exercise such of the rights and powers vested in it by the Senior Indenture, and use the same degree of care and skill in their exercise as reasonable persons would exercise or use under the circumstances in the conduct of their own affairs.

No provision of the Senior Indenture is to be construed to relieve the Senior Indenture Trustee from liability for its own negligent action or its own negligent failure to act, except that, at all times regardless of whether or not any Event of Default shall exist: (i) the duties and obligations of the Senior Indenture Trustee are to be determined solely by the express provisions of the Senior Indenture, and the Senior Indenture Trustee is not to be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations are to be read into this Indenture against the Senior Indenture Trustee; and (ii) in the absence of bad faith on the part of the Senior Indenture Trustee, the Senior Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Senior Indenture Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision of the Senior Indenture is specifically required to be furnished to the Senior Indenture Trustee, the Senior Indenture Trustee is to be under a duty to examine the same to determine whether or not it conforms to the requirements of the Senior Indenture; (iii) the Senior Indenture Trustee is not liable for any error of judgment made in good faith unless it is proved that the Senior Indenture Trustee was negligent in ascertaining the pertinent facts; and (iv) the Senior Indenture Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of any Credit Provider or the Holders of not less than a majority, or such larger percentage as may be required under the Senior Indenture, in aggregate principal amount of the Senior Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Senior Indenture Trustee or exercising any trust or power conferred upon the Senior Indenture Trustee under the Senior Indenture.

None of the provisions contained in the Senior Indenture shall require the Senior Indenture Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

In case at any time either of the following shall occur: (i) the Senior Indenture Trustee shall cease to be eligible in accordance with the provisions of the Senior Indenture relating to Senior Indenture Trustee eligibility and shall fail to resign after written request therefor by the Authority or by any Holder who has been a bona fide Holder of a Senior Bond for at least six months; or (ii) the Senior Indenture Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Senior Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Senior Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Authority may remove the Senior Indenture Trustee and appoint a successor trustee by an instrument in writing executed by an Authorized Representative, or any Holder who has been a bona fide Holder of a Senior Bond for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Senior Indenture Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Senior Indenture Trustee and appoint a successor trustee.

The Authority or Holders of a majority in aggregate principal amount of the Senior Bonds at the time Outstanding may at any time remove the Senior Indenture Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by an Authorized Representative of the Authority or by such Holders, as the case may be. Any resignation or removal of the Senior Indenture Trustee and appointment of a successor trustee pursuant to any of the applicable provisions of the Senior Indenture shall become effective upon acceptance of appointment by the successor trustee acceptable to the Authority. Any successor trustee shall execute, acknowledge and deliver to the Authority and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as Senior Indenture Trustee in the Senior Indenture.

Modification or Amendment of the Senior Indenture

Amendments Permitted Without Bondholder Consent. Except to the extent restricted by a Supplemental Indenture, the Authority, without the consent of or notice to any Bondholders, may adopt amendments to the Senior Indenture for one or more of the following purposes:

(a) To grant to or confer upon the Bondholders of any Series any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders;

(b) To grant or pledge to the Bondholders of any Series any additional security;

(c) To amend the Senior Indenture in such manner as may be necessary or convenient in connection with the book-entry system for payments, transfers and other matters relating to the Senior Bonds;

(d) To cure any ambiguity or to correct or supplement any provision contained in the Senior Indenture or in any Supplemental Indenture which may be defective or inconsistent with any provision contained therein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Senior Indenture which will not materially adversely affect the interest of the Bondholders;

(e) To make any change therein necessary, in the Opinion of Bond Counsel, to maintain the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Senior Bonds;

(f) To make modifications or adjustments necessary in order to accommodate a Credit Support Instrument or a Reserve Facility;

(g) To modify, alter, amend or supplement the Senior Indenture or any Supplemental Indenture in any other respect, including any amendments which would otherwise be described in the Senior Indenture, if (i) all Senior Bonds to be affected thereby are variable interest rate bonds, (ii) such amendments will not become effective until written notice thereof has been given to Bondholders by the Senior Indenture Trustee, and (iii) thirty days

will have passed during which time such Bondholders will have had the opportunity to tender their variable interest rate bonds for purchase; and

(h) To issue additional Senior Bonds under the Senior Indenture in accordance with the terms thereof.

Any Supplemental Indenture entered into pursuant to the provisions of the Senior Indenture summarized above are to be deemed not to materially adversely affect the interest of the Bondholders so long as (i) all Senior Bonds are secured by a Credit Support Instrument and (ii) each Credit Provider will have given its written consent to such Supplemental Indenture.

No modification or amendment to the Senior Indenture that affects to a material extent the security or remedies of the Credit Provider will be entered into without the prior written consent of such Credit Provider.

Amendments Requiring Bondholder Consent. Exclusive of amendments authorized by the provisions of the Senior Indenture described above and subject to the terms and provisions of the Senior Indenture, the Holders of not less than a majority of the aggregate principal amount of the then Outstanding Senior Bonds, or if less than all of the Outstanding Senior Bonds are affected, the Holders of not less than a majority of the aggregate principal amount of the Outstanding Senior Bonds affected, will have the right, from time to time, anything contained in the Senior Indenture to the contrary notwithstanding, to consent to such other amendments to the Senior Indenture as will be consented to by the Authority in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Senior Indenture or in any Supplemental Indenture; provided, however, that nothing in the Senior Indenture is to permit, or be construed as permitting (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Senior Bond, or (b) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Senior Bond, (c) a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Senior Bonds except as provided in the provisions of the Senior Indenture summarized above under the heading "Additional Senior Bonds; Subordinate Obligations," or (d) a reduction in the aggregate principal amount of the Senior Bonds required for any consent to any amendment.

Exclusive of amendments authorized by the provisions of the Senior Indenture described above under the subheading "Amendments Permitted Without Bondholder Consent" and subject to the terms and provisions of the Senior Indenture described therein, the Authority and the Senior Indenture Trustee may also enter into a Supplemental Indenture for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Senior Indenture or in any Supplemental Indenture, which Supplemental Indenture becomes binding, without the consent of any Holder, when the written consents of each Credit Provider then providing a Credit Support Instrument for any Series of Outstanding Senior Bonds will have been obtained and filed with the Senior Indenture Trustee, provided that at such time the payment of principal of and interest on all Senior Bonds then Outstanding are to be insured by or payable under a Credit Support Instrument provided by a Credit Provider then rated in one of the two highest Rating Categories of each rating agency then maintaining a rating on any Senior Bonds and provided, further, however, that nothing in the Senior Indenture is to permit, or be construed as permitting (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Senior Bond, or (b) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Senior Bond, (c) a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Senior Bonds except as provided in the provisions of the Senior Indenture summarized above under the heading "Additional Senior Bonds; Subordinate Obligations," or (d) a reduction in the aggregate principal amount of the Senior Bonds required for any consent to any amendment.

Effect of Supplemental Indentures. Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of the Senior Indenture, the Senior Indenture is to be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the

Senior Indenture of the Authority, the Senior Indenture Trustee and all Owners of Outstanding Senior Bonds are to thereafter be determined, exercised and enforced subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture are to be deemed to be part of the terms and conditions of the Senior Indenture for any and all purposes.

Discharge of Lien

Discharge of Lien and Security Interest. At the election of the Authority, upon payment in full of all the Senior Bonds and of all amounts payable under the Senior Indenture, the pledge and lien on the Revenue arising under the Senior Indenture is to cease, determine and be void; provided, however, such discharge of the Senior Indenture will not terminate the powers and rights granted to the Senior Indenture Trustee with respect to the payment, transfer and exchange of the Senior Bonds.

If the principal of or interest on any Senior Bonds are to be paid by a Credit Provider, those Senior Bonds are to remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority within the meaning of the Senior Indenture, and the pledge of the Revenue and all covenants, agreements and other obligations of the Authority as therein provided are to continue to exist and will run to the benefit of each Credit Provider, and such Credit Provider is to be subrogated to the rights of the Holders.

Provision for Payment of Senior Bonds. Senior Bonds (or any portion of the Senior Bonds) are deemed to have been paid within the meaning of the above paragraphs if:

(a) there has been irrevocably deposited with the Senior Indenture Trustee in trust either (i) lawful money of the United States of America in an amount which is to be sufficient, or (ii) Government Obligations, the principal and interest on which when due, together with the moneys, if any, deposited with the Senior Indenture Trustee at the same time, are to be sufficient (as confirmed by a report of an Independent Certified Public Accountant), to pay when due the principal amount of, redemption premium (if any) and all unpaid interest on such Senior Bonds (or any portion thereof) to the maturity or the redemption date thereof, as the case may be; and

(b) if any such Senior Bonds are to be redeemed on any date prior to their maturity, (i) the Senior Indenture Trustee has received (not less than 45 days prior to the proposed redemption date) in form satisfactory to it irrevocable instructions from an Authorized Representative to redeem such Senior Bonds on such date and (ii) notice of such redemption has been given or provision satisfactory to the Senior Indenture Trustee has been made for the giving of such notice.

In addition, all money so deposited with the Senior Indenture Trustee as provided in the provisions of the Senior Indenture described in the paragraph above may also be invested and reinvested, at the direction of an Authorized Representative, in Government Obligations, maturing in the amounts and times as set forth in the Senior Indenture, and all income from all Government Obligations in the hands of the Senior Indenture Trustee pursuant to the Senior Indenture which is not required for the payment of the principal of the Senior Bonds and interest and redemption premium, if any, thereon with respect to which such money has been so deposited, is to be deposited in the Bond Fund as and when realized and applied as is other money deposited in the Bond Fund, or in the event there are no longer any Senior Bonds Outstanding under the Senior Indenture, such income is to be automatically paid over to the Authority.

No Senior Bond which is subject to optional or mandatory tender in accordance with the provisions of the Supplemental Indenture pursuant to which such Senior Bond was issued, is to be deemed to be paid within the meaning of the Senior Indenture, unless arrangements have been made to assure that such Senior Bond, if tendered for purchase in accordance with the provisions of the applicable Supplemental Indenture, could be paid and redeemed from such moneys or Government Obligations as are provided pursuant to the provisions described above.

Defeasance of Senior Bonds Supported by a Liquidity Instrument

A Rating Confirmation is required with respect to the defeasance of any Senior Bonds supported by a Liquidity Instrument.

Liability of Authority Limited to Revenue

The Authority is not required to advance any money derived from any source of income other than Revenue as provided in the Senior Indenture for the payment of the interest on or principal or Purchase Price of or redemption premium, if any, on the Senior Bonds or for the performance of any agreements or covenants contained therein. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring an indebtedness prohibited by the Senior Indenture.

Rights of Credit Providers

A Supplemental Indenture authorizing a Series of Senior Bonds may provide that any Credit Provider providing a Credit Support Instrument with respect to Senior Bonds of such Series may exercise any right under the Senior Indenture given to the Owners of the Senior Bonds to which such Credit Support Instrument relates.

All provisions under the Senior Indenture authorizing the exercise of rights by a Credit Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, are to be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and is to be read as if the Credit Provider were not mentioned therein (i) during any period during which there is a default by such Credit Provider under the applicable Credit Support Instrument or (ii) after the applicable Credit Support Instrument at any time for any reason ceases to be valid and binding on the Credit Provider, or is declared to be null and void by final judgment of a court of competent jurisdiction, or after the Credit Support Instrument has been rescinded, repudiated by the Credit Provider or terminated, or after a receiver, conservator or liquidator has been appointed for the Credit Provider. All provisions relating to the rights of a Credit Provider are to be of no further force and effect if all amounts owing to the Credit Provider under a Credit Support Instrument have been paid and the Credit Support Instrument provided by such Credit Provider is no longer in effect.

APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

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Set forth below are definitions of certain terms used elsewhere in the Information Statement or the most recent Supplement thereto. In addition, this Appendix C includes a summary of certain provisions of the Subordinate Indenture, dated as of June 1, 2010, as supplemented, including as supplemented by the Second Supplemental Indenture, dated as of November 1, 2010 (hereinafter collectively referred to as the "Subordinate Indenture"), between the Bay Area Toll Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Subordinate Indenture. This summary does not repeat information set forth in the Information Statement, or any Supplement to the Information Statement, concerning terms (such as interest rates and maturities), redemption provisions, and certain other features of any particular series of the Subordinate Bonds that are described in the most recent Supplement to the Information Statement that describes that series of the Subordinate Bonds. See also "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" in the Information Statement for information about the security and sources of payment for Subordinate Bonds and the security and sources of payment for Senior Obligations.

DEFINITIONS

"Act" means Chapter 4, Chapter 4.3, and Chapter 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 made applicable to the Authority by Streets and Highways Code section 30961, as each may be amended from time to time hereafter.

"Authority" means the Bay Area Toll Authority, a public entity duly established and existing pursuant to the Act, and any successor thereto.

"Authorized Denominations" means, with respect to the 2010 Series S-1 Bonds, the 2010 Series S-2 Bonds and the 2010 Series S-3 Bonds, $5,000 and any integral multiple thereof, and with respect to any other Series of Subordinate Bonds, the denomination or denominations designated as such in the Supplemental Indenture providing for the issuance of such Series of Subordinate Bonds.

"Authorized Representative" means the Executive Director of the Authority, any Deputy Executive Director of the Authority, the Chief Financial Officer of the Authority, or any other employee of the Authority at the time designated to act on behalf of the Authority in a Certificate of the Authority executed by any of the foregoing officers and filed with the Subordinate Trustee, which Certificate shall contain such employee's specimen signature.

"Available Revenue" means, for any Fiscal Year, Revenue less Maintenance and Operation Expenses for that Fiscal Year, as set forth in the audited financial statements of the Authority for Fiscal Years for which audited financial statements are available or as projected by the Authority for Fiscal Years for which audited financial statements are not yet available. Available Revenue shall not include any amount on deposit in the Reserve Fund or in the reserve fund under the Senior Indenture or any Subsidy Payments.

"Bay Area Bridges" means the state owned bridges in the San Francisco Bay Area under the jurisdiction of the Authority, comprised of the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge, the San Mateo-Hayward Bridge, and any additional bridges added to the Authority's jurisdiction and designated by resolution of the Board to be included as a "Bay Area Bridge" under the Subordinate Indenture. Each Bay Area Bridge includes the existing bridge or bridges and any replacement spans or additional adjacent spans.

"Bay Area Toll Account" means the account by that name created pursuant to Section 30953 of the Act.

"Beneficial Owner" means, with respect to any Book-Entry Bond, the beneficial owner of such Subordinate Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

"Board" means the governing board of the Authority.

"Bond Counsel" means a firm of nationally-recognized attorneys-at-law experienced in legal work relating to the issuance of municipal bonds selected by the Authority.

"Bond Fund" means the fund by that name created pursuant to the Subordinate Indenture.

"Bond Register" means the registration books for the ownership of Subordinate Bonds maintained by the Subordinate Trustee pursuant to the Subordinate Indenture.

"Bondholder" or "Holder" or "Owner" means the record owner of any Subordinate Bond shown on the books of registration kept by the Subordinate Trustee, which, during any period when ownership of such Subordinate Bond is a Book-Entry Bond, shall be the Securities Depository or its Nominee.

"Book-Entry Bonds" means Subordinate Bonds issued under a book-entry only depository system as provided in the Subordinate Indenture.

"Bridge Toll Revenues" means toll revenues and all other income derived by the Authority from the Bay Area Bridges and not limited or restricted by law to a specific purpose.

"Business Day" means any day, other than a Saturday, Sunday or other day on which banks are authorized or obligated by law or executive order to be closed in the State of California or the State of New York or in any city in which the Principal Office of the Subordinate Trustee or the office where draws are to be made on a Credit Provider is located.

"Caltrans" means the California Department of Transportation.

"Certificate of the Authority" means an instrument in writing signed by an Authorized Representative of the Authority.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

"Commercial Paper Program" means a program of short-term Bonds having the characteristics of commercial paper in that (i) such Subordinate Bonds have a stated maturity not later than 270 days from their date of issue and (ii) maturing Bonds of such program may be paid with the proceeds of renewal Bonds.

"Continuing Disclosure Agreement" means, with respect to each Series of Subordinate Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, entered into by the Authority, the Subordinate Trustee and the Dissemination Agent, as the same may be supplemented, modified or amended in accordance with its terms.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, sale and delivery of Subordinate Bonds, including, but not limited to, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Subordinate Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, underwriting fees and discounts, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Subordinate Bonds, surety, insurance, liquidity and credit enhancements costs, and any other cost, charge or fee incurred in connection with the issuance of Subordinate Bonds.

"Coverage Calculation Date" means the date within ten Business Day after the beginning of the Fiscal Year on which the Coverage Ratio is calculated.

"Coverage Ratio" means the ratio produced by dividing projected Available Revenue by projected Debt Service for the Fiscal Year.

"Credit Provider" means any municipal bond insurance company, bank or other financial institution or organization or group of financial institutions or organizations providing a Credit Support Instrument for a Series of Subordinate Bonds.

"Credit Support Instrument" means a policy of insurance, letter of credit, line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to, or available for, the payment of interest, principal or Purchase Price of any Series of Subordinate Bonds, as the same may be amended from time to time pursuant to its terms, and any replacement therefor.

"CUSIP" means the Committee on Uniform Securities Identification Procedures of the American Bankers Association, or any successor to its functions.

"DTC" means The Depository Trust Company, New York, New York or any successor thereto.

"Debt Service" for any Fiscal Year means the aggregate amount of payments due on Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations for that Fiscal Year, as calculated by the Authority, utilizing the assumptions about payments on Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations listed in the definition of Maximum Annual Debt Service.

"Defeasance Securities" means: (a) non-callable, non-prepayable obligations of the type listed in clause (i) or clause (ii) of the definition of Permitted Investments; (b) non-callable, non-prepayable obligations of the type listed in clause (iii) of the definition of Permitted Investments that are rated in the highest long-term Rating Category by Moody's or S&P; and (c) bonds and other obligations described in clause (vi) of the definition of Permitted Investments.

"Dissemination Agent" means, with respect to each Series of Subordinate Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the party acting as dissemination agent under the Continuing Disclosure Agreement delivered in connection with such Series of Subordinate Bonds, or any successor dissemination agent designated in writing by the Authority and which has filed a written acceptance with the Authority and the Subordinate Trustee.

"Electronic" means, with respect to notice, notice through the internet or through a time-sharing terminal.

"Event of Default" means any of the events specified in the Subordinate Indenture.

"Fiscal Year" means the period of twelve months terminating on June 30 of each year, or any other annual period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed by the Authority, and who, or each of whom, is independent with respect to the Authority, pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

"Interest Account" means the account by that name created pursuant to the Subordinate Indenture.

"Maintenance and Operation Expenses" means all expenses of the Authority and Caltrans for the maintenance and operation of the Bay Area Bridges payable from Revenue, determined in accordance with generally accepted accounting principles, excluding any extraordinary or one-time expenses; expenses paid from proceeds of Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations; capital expenditures; expenditures for rehabilitation and operational improvement projects on the Bay Area Bridges; depreciation or obsolescence charges or reserves therefor; credit, liquidity or remarketing fees relating to Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations; and amortization of intangibles or other bookkeeping entries of a similar nature.

"Maximum Annual Debt Service" means the highest amount of payments due on Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations for any Fiscal Year during the period from the date of such determination through the final maturity date of the Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations then Outstanding and proposed to be issued, as calculated by the Authority, utilizing the following assumptions about payments on Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations (and if more than one of the following assumptions could apply to any such payment, the Authority shall select the assumption to be applied):

(i) in determining the principal amount of a Subordinate Bond, Subordinate Parity Obligation or Senior Obligation due in each year, payment shall be assumed to be made in accordance with the amortization schedule established for such principal, including any minimum sinking fund or account payments;

(ii) if 20 percent or more of the principal of a Series of Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations is not due until the final stated maturity of that Series of Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations, principal and interest may be treated as if such principal and interest were due based upon a level amortization of such principal and interest over the term of that Series of Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations;

(iii) if the Subordinate Bond, Subordinate Parity Obligation or Senior Obligation is supported by a line of credit or a letter of credit, principal may be treated as if it were due based upon the level amortization of such principal over the maximum term of repayment of borrowings under such line of credit or letter of credit;

(iv) if an Outstanding Subordinate Bond, Subordinate Parity Obligation or Senior Obligation bears a variable interest rate, the interest rate shall be assumed to be the greater of (a) the daily average interest rate during the 12 months ending with the month preceding the date of calculation, or such shorter period that the Subordinate Bond, Subordinate Parity Obligation or Senior Obligation has been Outstanding, or (b) the rate of interest on that Bond, Subordinate Parity Obligation or Senior Obligation on the date of calculation;

(v) if Subordinate Bonds or Subordinate Parity Obligations proposed to be issued will be variable interest rate obligations, the interest on which is excluded from gross income for federal income tax purposes, then such obligations shall be assumed to bear interest at an interest rate equal to the average SIFMA Index during the three months preceding the month of calculation, or if SIFMA Index is no longer published, at an interest rate equal to 75% of the average One Month USD LIBOR Rate during that three month period, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

(vi) if Subordinate Bonds or Subordinate Parity Obligations proposed to be issued will be variable interest rate obligations the interest on which is included in gross income for federal income tax purposes, then such obligations shall be assumed to bear interest at an interest rate equal to the average One Month USD LIBOR Rate during the three months preceding the month of calculation, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

(vii) if Subordinate Bonds proposed to be issued are part of a Commercial Paper Program, the principal of such Subordinate Bonds may be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such

Subordinate Bonds shall be calculated as if such Subordinate Bonds were variable interest rate Subordinate Bonds;

(viii) if the variable interest on any Subordinate Bond, Subordinate Parity Obligation or Senior Obligation plus the variable payments due to the Authority and fixed payments due from the Authority under a Qualified Swap Agreement or a Swap designated by the Authority are treated by the Authority as synthetic fixed rate debt, the variable interest rate Subordinate Bond or Subordinate Parity Obligation or Senior Obligation may be treated as bearing such synthetic fixed rate for the duration of the synthetic fixed rate;

(ix) if the fixed interest on any Subordinate Bond, Subordinate Parity Obligation or Senior Obligation plus the fixed payments due to the Authority and variable payments due from the Authority under a Qualified Swap Agreement or a Swap designated by the Authority are treated by the Authority as synthetic variable rate debt, the fixed interest rate Subordinate Bond, Subordinate Parity Obligation or Senior Obligation may be treated as bearing such synthetic variable rate for the duration of the synthetic variable rate and such synthetic variable rate shall be calculated using the principles of clauses (iv), (v) or (vi) of this definition;

(x) if any of the Subordinate Bonds, Subordinate Parity Obligations, or Senior Obligations are Short-Term Put Bonds, the principal of such obligations may be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such obligations may be calculated as if such obligations were variable interest rate Subordinate Bonds;

(xi) principal and interest payments on Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations may be excluded to the extent such payments are to be paid from amounts then currently on deposit with the Subordinate Trustee or another fiduciary in escrow specifically therefor and interest payments on any Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations may be excluded to the extent that such interest payments are to be paid from capitalized interest held by the Subordinate Trustee or another fiduciary specifically to pay such interest;

(xii) if any of the Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations are, or upon issuance will be, obligations for which the Authority is entitled to receive Subsidy Payments, as evidenced by an Opinion of Bond Counsel delivered at the time of issuance of such Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations, the obligations may be treated as bearing an interest rate equal to the rate of interest borne or assumed to be borne, as applicable, by the obligations for the period of determination minus the Subsidy Payments to which the Authority is entitled for that period;

(xiii) Any payment obligation under a Subordinate Bond, Subordinate Parity Obligation or Senior Obligation that was or is optional or contingent (such as the obligation to make a termination payment under a Qualified Swap Agreement or a Swap), whether or not the option is exercised or the contingency occurs, and any payments that are not scheduled payments, may be excluded.

"Moody's" means Moody's Investors Service, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term "Moody's" shall be deemed to refer to any other nationally recognized statistical rating organization selected by the Authority.

"MSRB" means the Municipal Securities Rulemaking Board, and its successors and assigns. Until otherwise designated by the MSRB, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB located at http://emma.msrb.org.

"MTC" means the Metropolitan Transportation Commission, a regional transportation commission duly established and existing pursuant to Sections 66500 et seq. of the California Government Code, and any successor thereto.

"Nominee" means the nominee of the Securities Depository for the Book-Entry Bonds in whose name such Subordinate Bonds are to be registered. The initial Nominee shall be Cede & Co., as the nominee of DTC.

"One Month USD LIBOR Rate" means the British Banker's Association average of interbank offered rates in the London market for Dollar deposits for a one month period.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Outstanding," when used with reference to Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations means all Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations that have been issued by the Authority, except Subordinate Bonds, Subordinate Parity Obligations, and Senior Obligations: (i) canceled or delivered for cancellation; (ii) deemed to be paid in accordance with the provisions of the Subordinate Indenture or any similar provisions in the constituent instruments defining the rights of the holders of Subordinate Parity Obligations or Senior Obligations; (iii) in lieu of which other Subordinate Bonds, Subordinate Parity Obligations or Senior Obligations have been authenticated under the provisions of the Subordinate Indenture or any similar provisions in the constituent instruments defining the rights of the holders of Subordinate Parity Obligations or Senior Obligations; and (iv) held by or for the account of the Authority.

"Participating Underwriter" means any of the original underwriters of any Series of Subordinate Bonds required to comply with Rule 15c2-12.

"Permitted Investments" means the following:

(i) bonds or other obligations of or fully and unconditionally guaranteed by the United States of America as to timely payment of principal and interest on such bonds or other obligations, including obligations described in clause (iii) below to the extent fully and unconditionally guaranteed by the United States of America, and including interest strips of any such obligations or of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including obligations of Fannie Mae Corporation, Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration, and United States Maritime Administration;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in either of the two highest Rating Categories by Moody's or S&P; provided, that, in the event such obligations are in the form of variable rate demand bonds, the obligations shall have mandatory investor tender rights supported by a third-party liquidity facility from a financial institution with short-term ratings in the highest Rating Category by Moody's or S&P;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) that are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) that are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) that have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) that are rated in one of the two highest long-term Rating Categories by Moody's or S&P;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation that are rated by Moody's or S&P in their highest short-term Rating Category, or, if the term of such indebtedness is longer than three (3) years, rated by Moody's or S&P in one of their two highest long-term Rating Categories, for comparable types of debt obligations;

(viii) demand or time deposits, trust funds, trust accounts, interest-bearing money market accounts, interest bearing deposits, overnight bank deposits, bankers' acceptances of depository institutions or certificates of deposit, whether negotiable or nonnegotiable, including those placed by a third party pursuant to an agreement between the Authority and the Subordinate Trustee issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Subordinate Trustee or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, that shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Subordinate Trustee or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Subordinate Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Subordinate Trustee shall be entitled to rely on each such undertaking, or (3) rated in one of the two highest long-term Rating Categories by Moody's or S&P;

(ix) taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's or S&P;

(x) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in either of the two highest long-term Rating Categories, if any, by Moody's or S&P, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Subordinate Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in either of the two highest long-term Rating Categories by Moody's or S&P;

(xi) any repurchase agreement entered into with a financial institution or insurance company (including the Subordinate Trustee or any of its affiliates) that has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in either of the two highest long-term Rating Categories by Moody's or S&P, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Subordinate Trustee or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Subordinate Trustee with an undertaking satisfactory to the Subordinate Trustee to the effect that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Subordinate Trustee shall be entitled to rely on each such undertaking;

(xii) any cash sweep or similar account arrangement of or available to the Subordinate Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xi) of this definition of Permitted Investments and any money market fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xi) of this definition of Permitted Investments; provided that as used in this clause (xii) and clause (xiii) investments will be deemed to satisfy the requirements of clause (xi) if they meet the requirements set forth in clause (xi) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (xi), including, without limitation any mutual fund for which the Subordinate Trustee or an affiliate of the Subordinate Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Subordinate Trustee or an affiliate of the Subordinate Trustee receives fees from funds for services rendered, (2) the Subordinate Trustee collects fees for services rendered pursuant to the Subordinate Indenture, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to the Subordinate Indenture may at times duplicate those provided to such funds by the Subordinate Trustee or an affiliate of the Subordinate Trustee;

(xiii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank that has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in either of the two highest long-term Rating Categories by Moody's or S&P;

(xiv) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (vi) above and which companies have either the highest rating by Moody's or S&P or have an investment advisor registered with the Securities and Exchange Commission with not less than 5 years experience investing in such securities and obligations and with assets under management in excess of $500,000,000;

(xv) shares in a California common law trust, established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code, that invests exclusively in investments permitted by

Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended from time to time;

(xvi) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Subordinate Indenture; and

(xvii) any investment approved by the Board for which a Rating Confirmation is received from each rating agency then rating any of the Subordinate Bonds at the request of the Authority that such investment will not adversely affect such rating agency's rating on such Subordinate Bonds.

"Person" means any natural person, firm, partnership, association, corporation, or public body.

"Principal Account" means the account by that name created pursuant to the Subordinate Indenture.

"Principal Office" means, with respect to the Subordinate Trustee, the corporate trust office of the Subordinate Trustee at 700 South Flower Street, Suite 500, Los Angeles, CA 90017, and solely for purposes of the presentation of Subordinate Bonds for transfer, exchange or payment, such other or additional offices as may be designated by the Subordinate Trustee from time to time.

"Project Fund" means, with respect to a Series of Subordinate Bonds, a Project Fund established in the Supplemental Indenture providing for the issuance of such Series of Subordinate Bonds.

"Purchase Price" means, with respect to Subordinate Bonds, the amount set forth in the Subordinate Indenture as the amount to be paid when such Subordinate Bonds are tendered for purchase or deemed tendered for purchase in accordance with the provisions of the Subordinate Indenture.

"Qualified Swap Agreement" means a contract or agreement, intended to place Senior Bonds or such investments as the Authority shall specify in a resolution authorizing the execution of such contract or agreement, on the interest rate, currency, cash flow or other basis desired by the Authority, payments (other than payments of fees and expenses and termination payments) with respect to which the Authority has specified in its authorizing resolution shall be payable from Revenue on a parity with the payment of Senior Bonds, including, without limitation, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, provided that in each case: (i) the notional amount of the Qualified Swap Agreement shall not exceed the principal amount of the related Senior Bonds or the amount of such investments, as applicable; and (ii) the Authority shall have received a Rating Confirmation from each Rating Agency then rating any series of Senior Bonds at the request of the Authority with respect to such Qualified Swap Agreement.

"Rating Agency" means each of Moody's and S&P.

"Rating Category" means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rating Confirmation" means written evidence from each rating agency then rating any Series of Subordinate Bonds or Senior Bonds at the request of the Authority to the effect that, following the event that requires the Rating Confirmation, the then current rating for such Series of Subordinate

Bonds or Senior Bonds, as applicable, will not be lowered to a lower Rating Category or suspended or withdrawn solely as a result of the occurrence of such event.

"Rebate Fund" means the fund by that name created pursuant to the Subordinate Indenture.

"Redemption Fund" means the fund by that name created pursuant to the Subordinate Indenture.

"Representation Letter" means the letter or letters of representation from the Authority to, or other instrument or agreement with, a Securities Depository for Book-Entry Bonds, in which the Authority, among other things, makes certain representations to the Securities Depository with respect to the Book-Entry Bonds, the payment thereof and delivery of notices with respect thereto.

"Reserve Facility" means a surety bond or insurance policy issued to the Subordinate Trustee by a company licensed to issue a surety bond or insurance policy guaranteeing the timely payment of the principal of and interest on the Subordinate Bonds supported by the Reserve Facility.

"Reserve Facility Costs" means amounts owed with respect to repayment of draws on a Reserve Facility, including interest thereon at the rate specified in the agreement pertaining to such Reserve Facility and expenses owed to the Reserve Facility Provider in connection with such Reserve Facility.

"Reserve Facility Provider" means any provider of a Reserve Facility, any successor thereto or any replacement therefor.

"Reserve Fund" means the fund by that name created pursuant to the Subordinate Indenture.

"Reserve Requirement" for any Subordinate Bonds means, as of any date of calculation, the amount specified by a Supplemental Indenture as the amount required to be held in the Reserve Fund for the payment of principal of and interest on those Subordinate Bonds.

"Revenue," as defined in the Subordinate Indenture, means: (i) Bridge Toll Revenues; (ii) all interest or other income from investment of money in any fund or account of the Authority, including the Operations and Maintenance Fund established under the Senior Indenture; (iii) all amounts on deposit in the funds and accounts established pursuant to the Senior Indenture and held by the Senior Indenture Trustee (excluding amounts held in the reserve fund for Senior Bonds, the proceeds of sale of Senior Bonds, Subsidy Payments with respect to Senior Bonds, the rebate fund under the Senior Indenture and any fund or account established to hold the proceeds of a drawing on any credit support instrument (as defined in the Senior Indenture)); (iv) all amounts on deposit in the funds and accounts established pursuant to the Subordinate Indenture and held by the Subordinate Trustee (excluding the Rebate Fund and any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument and including any Subsidy Payments deposited pursuant to the Subordinate Indenture); (v) all interest or other income from investment of money in the funds and accounts established pursuant to the Senior Indenture and held by the Senior Indenture Trustee (excluding the proceeds of Senior Obligations, Subsidy Payments with respect to Senior Bonds, the rebate fund under the Senior Indenture and any fund or account established to hold the proceeds of a drawing on any credit support instrument (as defined in the Senior Indenture)); (vi) all interest or other income from investment of money in the funds and accounts established pursuant to the Subordinate Indenture and held by the Subordinate Trustee (excluding the Rebate Fund and any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument); and (vii) all Swap Revenues.

"Revenue Bond Law of 1941" means Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 54300), as the same may be amended from time to time hereafter.

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term "S&P" shall be deemed to refer to any other nationally recognized statistical rating organization selected by the Authority.

"Securities Depository" means DTC or any other trust company or other entity that provides a book-entry system for the registration of ownership interests in securities and which is acting as security depository for Book-Entry Bonds.

"Senior Bonds" means bonds or commercial paper authorized by, and at any time Outstanding pursuant to, the Senior Indenture and bonds or commercial paper that are "parity obligations" as defined in the Senior Indenture.

"Senior Indenture" means the Master Indenture between the Authority and Union Bank, N.A., as Trustee, dated as of May 1, 2001, as amended and supplemented, and each other indenture of trust or resolution, if any, under which Senior Bonds are Outstanding.

"Senior Indenture Fees and Expenses Fund" means the special fund created under the Senior Indenture designated therein as the "Fees and Expenses Fund."

"Senior Indenture Trustee" means the trustee under the Senior Indenture.

"Senior Obligations" means Senior Bonds, regularly-scheduled payments on Qualified Swap Agreements, reserve costs for Senior Obligations required by the Senior Indenture, and other obligations of the Authority that are payable from Revenue on a parity with the payment of principal of and interest on Senior Bonds or otherwise prior to the Subordinate Bonds and Subordinate Parity Obligations.

"Series" means all Subordinate Bonds identified in the Subordinate Indenture as a separate Series or all Senior Bonds identified in the Senior Indenture as a separate Series, as applicable.

"Short-Term Put Bond" means a Subordinate Bond, Subordinate Parity Obligation or Senior Obligation with a stated maturity of five years or less, the principal of which the Authority determines on or before the date of issuance that it intends to pay from remarketing proceeds or proceeds of refunding obligations.

"SIFMA Index" means Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date such index was published by the Securities Industry and Financial Markets Association or any successor thereto, or in the event such index is no longer published by the Securities Industry and Financial Markets Association or any successor thereto, such comparable replacement index as shall be published by the Securities Industry and Financial Markets Association or any successor thereto. In the event that such comparable replacement index is no longer published by the Securities Industry and Financial Markets Association or any successor thereto, an alternative index shall be selected by the Authority.

"Sinking Fund Installment" means, with respect to any Series of Subordinate Bonds, each amount so designated for the Term Bonds of such Series in the Supplemental Indenture providing for the issuance of such Series of Subordinate Bonds requiring payments by the Authority to be applied to the retirement of such Series of Subordinate Bonds on and prior to the stated maturity date thereof.

"State" means the State of California.

"Subordinate Bonds" means the Subordinate Bonds or commercial paper identified as the Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Subordinate Indenture.

"Subordinate Indenture" means the Subordinate Indenture, dated as of June 1, 2010, as supplemented by the First Supplemental Indenture, dated as of June 1, 2010, and the Second Supplemental Indenture, dated as of November 1, 2010, by and between the Authority and the Subordinate Trustee, as the same may be amended or further supplemented from time to time as permitted thereby.

"Subordinate Parity Obligations" means obligations of the Authority that are payable from Revenue on a parity with the payment of principal of and interest on Subordinate Bonds, including payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute), in each case to the extent the Authority has contracted to make those payments as Subordinate Parity Obligations.

"Subordinate Trustee" means The Bank of New York Mellon Trust Company, N.A., a national bank association duly organized and existing under and by virtue of the laws of the United States of America, or its successor.

"Subsidy Payments" means payments from the United States Treasury to or upon the order of the Authority pursuant to Sections 54AA and 6431 of the Code with respect to Subordinate Bonds, Subordinate Parity Obligations, or Senior Obligations.

"Supplemental Indenture" means any indenture executed and delivered by the Authority and the Subordinate Trustee that is stated to be a supplemental indenture to the Subordinate Indenture.

"Swap" means any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, which is not a Qualified Swap Agreement.

"Swap Party" means each entity that is a party to either a Qualified Swap Agreement or a Swap entered into with the Authority.

"Swap Revenues" means any amount paid by a Swap Party to the Authority pursuant to any Qualified Swap Agreement or Swap, after any netting of payments required by such Qualified Swap Agreement or Swap, as applicable, and any payments paid to the Authority by a Swap Party as consideration for termination or amendment of a Qualified Swap Agreement or Swap, as applicable.

"Tax Certificate" means the Tax Certificate delivered by the Authority at the time of the issuance of a Series of Subordinate Bonds, as the same may be amended and supplemented in accordance with its terms.

"Term Bonds" means Subordinate Bonds of any Series that are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose in the Supplemental Indenture providing for the issuance of such Series of Subordinate Bonds, which Sinking Fund Installments are calculated to retire such Subordinate Bonds on or before their specified maturity dates.

"2010 Series S-1 Bonds" means the Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-1.

"2010 Series S-2 Bonds" means the Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-2 (Tax-Exempt).

"2010 Series S-3 Bonds" means the Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-3 (Taxable Build America Bonds).

"2010 Series S-1 Reserve Account" means the 2010 Series S-1 Reserve Account established pursuant to the Subordinate Indenture.

"2010 Series S-2 Reserve Account" means the 2010 Series S-2 Reserve Account established pursuant to the Subordinate Indenture.

"2010 Series S-3 Reserve Account" means the 2010 Series S-3 Reserve Account established pursuant to the Subordinate Indenture.

"2010 Series S-1 Reserve Requirement" means, as of any date of calculation, the highest amount of interest due on the 2010 Series S-1 Bonds then Outstanding in any Fiscal Year during the period from the date of such calculation through the final maturity date of the 2010 Series S-1 Bonds, calculated treating such Series of Subordinate Bonds as bearing an interest rate equal to the applicable fixed interest rate or rates for the period of determination minus the amount of the Subsidy Payments with respect to such Series of Subordinate Bonds to which the Authority is entitled for that period.

"2010 Series S-2 Reserve Requirement" means, as of any date of calculation, the highest amount of interest due on the 2010 Series S-2 Bonds then Outstanding in any Fiscal Year during the period from the date of such calculation through the final maturity date of the 2010 Series S-2 Bonds.

"2010 Series S-3 Reserve Requirement" means, as of any date of calculation, the highest amount of interest due on the 2010 Series S-3 Bonds then Outstanding in any Fiscal Year during the period from the date of such calculation through the final maturity date of the 2010 Series S-2 Bonds, calculated treating such Series of Subordinate Bonds as bearing an interest rate equal to the applicable fixed interest rate or rates for the period of determination minus the amount of the Subsidy Payments with respect to such Series of Subordinate Bonds to which the Authority is entitled for that period.

"Written Instruction" means the Written Request of the Authority dated the date of delivery of the first Series of Subordinate Bonds and entitled "Instructions to Bond Trustees Regarding Fund Transfers Under Master Indenture and Subordinate Indenture."

"Written Request of the Authority" means an instrument in writing signed by an Authorized Representative.

THE SUBORDINATE INDENTURE

Statutory Lien; Pledges; Funds and Accounts

Statutory Lien. All Bridge Toll Revenues are to be deposited by the Authority in the Bay Area Toll Account and are subject to a statutory lien created pursuant to Section 30960 of the Act in favor of the holders of Senior Bonds and Bondholders to secure all amounts due on the Senior Bonds and the Subordinate Bonds and in favor of any provider of credit enhancement for the Senior Bonds and the Subordinate Bonds to secure all amounts due to that provider with respect to the Senior Bonds and the Subordinate Bonds, respectively. Pursuant to Section 30960 of the Act, such lien, subject to expenditures for operation and maintenance of the Bay Area Bridges, including toll collection, unless those expenditures are otherwise provided for by statute as provided in Section 30960(c) of the Act, shall immediately attach to the Bridge Toll Revenues as such Bridge Toll Revenues are received by the Authority and shall be effective, binding, and enforceable against the Authority, its successors, creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act, and the Bridge Toll Revenues shall remain subject to such statutory lien until all Subordinate Bonds are paid in full or provision made therefor, and the Bay Area Bridges shall not become toll-free prior to that time.

Pledge of State. Pursuant to Section 30963 of the Act, the State pledges and agrees with the Holders of the Subordinate Bonds and those parties who may enter into contracts with the Authority pursuant to the Act that the State will not limit, alter, or restrict the rights vested by the Act in the Authority to finance the toll bridge improvements authorized by the Act and agrees not to impair the terms of any agreements made with the Holders of the Subordinate Bonds and the parties who may enter into contracts with the Authority pursuant to the Act and pledges and agrees not to impair the rights or remedies of the Holders of Subordinate Bonds or any such parties until the Subordinate Bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Pledge of Revenue and Certain Funds and Accounts. All Revenue and all amounts (including the proceeds of Subordinate Bonds) held by the Subordinate Trustee in each fund and account established under the Subordinate Indenture (except for amounts on deposit in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument) are pledged to secure the punctual payment of the principal of and interest on the Subordinate Bonds, Subordinate Parity Obligations and Reserve Facility Costs, subject only to the provisions of the Subordinate Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Said pledge constitutes a lien on such amounts, is valid and binding without any physical delivery or further act and will be irrevocable until all Subordinate Bonds, Subordinate Parity Obligations and Reserve Facility Costs are no longer Outstanding. The pledge and lien are subordinate to every pledge and lien, theretofore or thereafter made, to secure the payment of the principal of and interest on Senior Bonds and amounts due on other Senior Obligations. The pledge to secure payment of Reserve Facility Costs set forth in the Subordinate Indenture is on a basis subordinate to the pledge of such amounts to the Subordinate Trustee for payment of the Subordinate Bonds and Subordinate Parity Obligations.

Funds and Accounts Establishment and Application of Bond Fund

Establishment and Application of Bond Fund. Not less than three Business Days prior to each date when the Authority is required to pay principal or interest on the Subordinate Bonds or amounts due on Subordinate Parity Obligations, as provided in the Subordinate Indenture, the Authority is to transfer to the Subordinate Trustee, from the Bay Area Toll Account, for deposit in the Bond Fund, such amount of Revenue as is required to increase the balance of the Bond Fund to an amount sufficient to pay all Subordinate Bonds and Subordinate Parity Obligations then due and payable and such amount as is required by the Subordinate Indenture to replenish the Reserve Fund for any Subordinate Bonds and to pay Reserve Facility Costs then due and payable. To the extent the interest rate on the Subordinate Bonds or Subordinate Parity Obligations has not yet been determined, the Subordinate Trustee is to assume such rate to be 12% per annum or such other rate as the Authority specifies to the Subordinate Trustee in writing at the time of such transfer.

All Revenue so received by the Subordinate Trustee will be deposited by the Subordinate Trustee as the Bond Fund, which the Subordinate Trustee is to establish, maintain and hold in trust. All Subsidy Payments with respect to Subordinate Bonds received by the Subordinate Trustee will be deposited in the Bond Fund. All amounts held in the Bond Fund are to be held, applied, used and withdrawn only as provided in the Subordinate Indenture or in the Written Instruction. As explained in the Information Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Certain Provisions of the Subordinate Indenture—Transfers of Revenue," the Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

On or before each date when principal and interest on the Subordinate Bonds and amounts due on Subordinate Parity Obligations are due and payable, the Subordinate Trustee is to transfer from the Bond Fund and deposit (or transfer as appropriate to the holder or trustee of such Subordinate Parity Obligations the amounts then due thereon) into the following respective accounts (each of which the Subordinate Trustee is to establish and maintain within the Bond Fund), in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenue sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority.

(a) **Interest Account**. The Subordinate Trustee is to set aside in the Interest Account in the manner and at the times specified in the Subordinate Indenture amounts sufficient to pay the interest on the Subordinate Bonds and amounts due on Subordinate Parity Obligations as and when due. Moneys in the Interest Account are to be used and withdrawn by the Subordinate Trustee solely for the purpose of paying interest on the Subordinate Bonds and amounts due on Subordinate Parity Obligations as such interest and other amounts becomes due and payable, provided that moneys in any separate account established to pay interest on a Series of Subordinate Bonds is to be used and withdrawn solely to pay interest on such Subordinate Bonds as and when due.

(b) **Principal Account**. The Subordinate Trustee is to set aside in the Principal Account in the manner and at the times specified in the Subordinate Indenture amounts sufficient to pay the principal of Subordinate Bonds (including any sinking fund payments) as and when due (whether at maturity or upon redemption or on account of sinking fund requirements). Moneys in the Principal Account are to be used and withdrawn by the Subordinate Trustee solely for the purpose of paying principal of the Subordinate Bonds (including any sinking fund payments) as and when due, provided that moneys in any separate account established to pay principal on a Series of Subordinate Bonds are to be used and withdrawn solely to pay principal of such Subordinate Bonds as and when due.

Any moneys remaining in the Bond Fund after the foregoing transfers are to be transferred to the Reserve Fund until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement for all Subordinate Bonds that have a Reserve Requirement and all Reserve Facility Costs have been paid and, if amounts remain on deposit in the Bond Fund after all such transfers are made, such amounts are to be transferred to or upon the order of the Authority. If such amounts are not sufficient to fulfill the Reserve Requirement for each Reserve Account within the Reserve Fund, such moneys transferred to the Reserve Fund are to be allocated ratably among each Reserve Account in proportion to the then-current deficiency therein.

Establishment, Funding and Application of the Reserve Fund; Reserve Accounts. On the date of issuance of any Series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement for those Subordinate Bonds will be deposited in the Reserve Fund in an account solely for the benefit of those Subordinate Bonds. Alternatively, the Supplemental Indenture for any Series of Subordinate Bonds may establish a pooled Reserve Requirement for that Series of Subordinate Bonds and any one or more subsequently issued Series of Subordinate Bonds with the same pooled Reserve Requirement, in which case the Reserve Requirement for the initial such Series of Subordinate Bonds will be deposited in the Reserve Fund in an account solely for the benefit of those Subordinate Bonds and any additional Subordinate Bonds with the same pooled Reserve Requirement, and on the date of issuance of any such additional Subordinate Bonds, there will be deposited in the account the amount necessary to increase the balance in the account to an amount equal to the Reserve Requirement for all Subordinate Bonds secured by that account.

Moneys in an account in the Reserve Fund are to be used and withdrawn by the Subordinate Trustee solely for the purposes of paying principal of and interest on the Subordinate Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit in the Principal Account and the Interest Account or (together with any other moneys available therefor) for the payment of principal and interest on all such Subordinate Bonds then Outstanding when due whether upon maturity or earlier redemption or, for the payment of the final principal and interest payment of all such Subordinate Bonds that are Outstanding.

In the event that the Subordinate Trustee has withdrawn moneys in an account in the Reserve Fund for the purpose of paying principal and interest on Subordinate Bonds when due as provided in the provisions of the Subordinate Indenture described in the immediately preceding paragraph, the Subordinate Trustee will promptly notify the Authority of such withdrawal. Upon receipt of such notification, the Authority, on or prior to the first Business Day of each month, commencing the month after such notification is received from the Subordinate Trustee by the Authority, is to transfer to the Subordinate Trustee for deposit in that depleted account in the Reserve Fund, an amount equal to 1/12th of the aggregate amount of each unreplenished withdrawal until the amount on deposit in that account in the Reserve Fund is equal to the Reserve Requirement for the Subordinate Bonds secured by that account.

Upon receipt of any notification from the Subordinate Trustee of a deficiency in the Reserve Fund due to any required valuation of investments in the Reserve Fund provided by the Subordinate Trustee pursuant to the Subordinate Indenture, the Authority, on or prior to the first Business Day of each month, commencing the month after such notification is received from the Subordinate Trustee by the Authority, is to transfer to the Subordinate Trustee for deposit in the Reserve Fund, an amount equal to 1/12th of the aggregate amount of such deficiency until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement for all Subordinate Bonds secured by the Reserve Fund.

The Reserve Requirement for any Series of Subordinate Bonds may be permitted or required by the Supplemental Indenture establishing the Reserve Requirement to be funded in whole or in part with a Reserve Facility. The terms and conditions for any Reserve Facility are to be set forth in the Reserve Facility or the Supplemental Indenture establishing the Reserve Requirement to be met in whole or in part by the Reserve Facility, provided that those terms and conditions must conform to and be consistent with the provisions set forth in the Subordinate Indenture.

The Subordinate Trustee is to withdraw cash (and liquidate investments to produce cash) and draw on Reserve Facilities in any account in the Reserve Fund to fund payments of principal of and interest on Subordinate Bonds supported by such account in the Reserve Fund in the manner and in the order specified in the applicable Supplemental Indenture or Supplemental Indentures.

The Subordinate Indenture will not be discharged until all Reserve Facility Costs owing to a Reserve Facility Provider have been paid in full.

2010 Series S-1 Reserve Account. The monies set aside and placed in the 2010 Series S-1 Reserve Account on account of the 2010 Series S-1 Reserve Requirement shall be held solely for the benefit of the 2010 Series S-1 Bonds and shall be used, withdrawn, and replenished as provided in the

Subordinate Indenture. The 2010 Series S-1 Reserve Requirement shall not be funded in whole or in part with a Reserve Facility.

2010 Series S-2 Reserve Account. The monies set aside and placed in the 2010 Series S-2 Reserve Account on account of the 2010 Series S-2 Reserve Requirement shall be held solely for the benefit of the 2010 Series S-2 Bonds and shall be used, withdrawn, and replenished as provided in the Subordinate Indenture. The 2010 Series S-2 Reserve Requirement shall not be funded in whole or in part with a Reserve Facility.

2010 Series S-3 Reserve Account. The monies set aside and placed in the 2010 Series S-3 Reserve Account on account of the 2010 Series S-3 Reserve Requirement shall be held solely for the benefit of the 2010 Series S-3 Bonds and shall be used, withdrawn, and replenished as provided in the Subordinate Indenture. The 2010 Series S-3 Reserve Requirement shall not be funded in whole or in part with a Reserve Facility.

Establishment and Application of Redemption Fund. The Subordinate Trustee is to establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the Authority with the Subordinate Trustee for the purpose of redeeming Subordinate Bonds of any Series, unless otherwise provided in the Supplemental Indenture establishing the terms and conditions for such Series of Subordinate Bonds, are to be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund are to be used and withdrawn by the Subordinate Trustee solely for the purpose of redeeming Subordinate Bonds of such Series and maturity as are specified by the Authority in a Written Request of the Authority delivered to the Subordinate Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which such Series of Subordinate Bonds was issued. Such Written Request of the Authority may specify that amounts on deposit in the Redemption Fund that remain unclaimed for a specified period of time will be paid to the Authority, and the Subordinate Trustee is to pay such unclaimed amounts to the Authority in accordance with the Written Request of the Authority.

Establishment and Application of Rebate Fund. Upon the Written Request of the Authority, the Subordinate Trustee is to establish, maintain and hold in trust a separate fund designated as the "Rebate Fund" and there will be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to each Tax Certificate and the Code. All money at any time deposited in the Rebate Fund is to be held by the Subordinate Trustee to satisfy the Rebate Requirement (as defined in the Tax Certificate) for payment to the United States of America. The Subordinate Trustee will have no responsibility with respect to the Rebate Fund or the Rebate Requirement except to follow the written instructions of the Authority.

Investment of Moneys in Funds and Accounts

Moneys held by the Authority in the Bay Area Toll Account and in the funds and accounts created under the Subordinate Indenture and held by the Authority will be invested and reinvested in any lawful investment of the Authority.

Moneys held by the Subordinate Trustee in the funds and accounts created under the Subordinate Indenture are to be invested and reinvested in Permitted Investments in accordance with the written instructions of an Authorized Representative.

Unless otherwise specified in the Supplemental Indenture creating a Series of Subordinate Bonds, all Permitted Investments are to be held by or under the control of the Subordinate Trustee and will be deemed at all times to be a part of the fund or account that was used to purchase the Permitted Investment. Unless otherwise provided by a Written Request of the Authority or in a Supplemental Indenture, all interest, profits and other income received from the investment of moneys in any fund or account held by the Subordinate Trustee, other than the Rebate Fund or a Project Fund, are to be transferred to the Bond Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund will be deposited in the Rebate Fund. Unless otherwise provided in the Supplemental Indenture establishing a Project Fund, all interest, profits and other income received from the investment of moneys in each Project Fund are to be deposited in such Project Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment is to be credited to the fund or account from which such accrued interest was paid.

The Subordinate Trustee is authorized to sell or redeem and reduce to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account is or will be insufficient to make any required disbursement. The Subordinate Trustee is not to be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale or redemption. Absent a Written Request of the Authority instructing the Subordinate Trustee how to invest the cash balance in a fund or account held by the Subordinate Trustee thereunder, the Subordinate Trustee is to hold such cash balances uninvested pending its receipt of such a Written Request of the Authority.

All Permitted Investments credited to the Reserve Fund are to be valued as of April 1 of each year (or the next succeeding Business Day if such day is not a Business Day). All Permitted Investments credited to the Reserve Fund are to be valued at their fair market value determined to the extent practical by reference to the closing bid price thereof published in *The Wall Street Journal* or any other financial publication or generally recognized pricing information service selected by the Subordinate Trustee in its discretion. The Subordinate Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

The Subordinate Trustee or its affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any investment with the prior written approval of an Authorized Representative. The Subordinate Trustee may commingle any of the moneys held by it pursuant to the Subordinate Indenture (except for amounts on deposit in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument) for investment purposes only; provided, however, that the Subordinate Trustee is to account separately for the moneys belonging to each fund or account established pursuant to the Subordinate Indenture and held by it.

Subsidy Payments

The Authority irrevocably directs in the Subordinate Indenture that all Subsidy Payments with respect to Subordinate Bonds be made directly to the Subordinate Trustee for deposit in the Bond Fund pursuant to the Subordinate Indenture. Any such Subsidy Payments received by the Authority will be promptly remitted to the Subordinate Trustee. The Subordinate Trustee will deposit all such Subsidy Payments to the Bond Fund upon receipt thereof and thereby constitute those amounts Revenue. The Subordinate Trustee will file such forms with the Internal Revenue Service and take all other such actions as the Authority has notified it in writing may be necessary to request and receive such Subsidy Payments on the Authority's behalf and the Subordinate Trustee will have no responsibility therefor other than following the Authority's written instructions.

Additional Subordinate Bonds; Subordinate Parity Obligations; Subordinated Obligations

Unless otherwise specified in a supplemental Indenture with respect to one or more Series of Bonds, the principal and Purchase Price of, premium, if any, and interest on the Subordinate Bonds will be payable in lawful currency of the United States of America.

Restrictions on Issuance of Additional Subordinate Bonds. Subsequent to the initial issuance of Subordinate Bonds pursuant to the Subordinate Indenture, additional Subordinate Bonds or Subordinate Parity Obligations may be issued if the requirements of (a) or (b) below are met.

(a) the Subordinate Bonds or Subordinate Parity Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Outstanding Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Outstanding Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Bonds or Subordinate Parity Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code Section 5922 (or any similar statute) related to such Outstanding Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations; (3) interest on all Outstanding Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations to be refunded to the date such Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Bonds or Subordinate Parity Obligations from the date thereof to the date of payment or redemption of the Subordinate Bonds or Subordinate Parity Obligations or Senior Obligations to be refunded.

(b) the Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Bonds or Subordinate Parity Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Subordinate Bonds or Subordinate Parity Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of three consecutive Fiscal Years (beginning with the current Fiscal Year or the Fiscal Year after the current Fiscal Year) to (B) Debt Service, calculated as of the date of sale of and including such Subordinate Bonds or Subordinate Parity Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the third such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Subordinate Bonds or Subordinate Parity Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority will take into account amounts projected to be received from any adopted toll increase or increases and any additional Bay Area Bridge or Bridges.

Proceedings for Issuance of Additional Subordinate Bonds. Subsequent to the initial issuance of Subordinate Bonds, whenever the Authority determines to issue additional Subordinate Bonds or Subordinate Parity Obligations, the Authority will, in addition to fulfilling the requirements of the Subordinate Indenture described above, file or provide to the Subordinate Trustee:

(a) a certificate of the Authority stating that no Event of Default has occurred and is then continuing;

(b) a certificate of the Authority stating that the applicable requirements of the Subordinate Indenture described under the caption "Restrictions on Issuance of Additional Subordinate Bonds" have been satisfied;

(c) such amount, in cash or in the form of a Reserve Facility, as will equal the Reserve Requirement, if any, for such Series of Subordinate Bonds for deposit in the Reserve Fund; and

(d) an Opinion of Bond Counsel to the effect that the Supplemental Indenture creating such Series of Subordinate Bonds has been executed and delivered by the Authority in accordance with the Subordinate Indenture and that such Series of Subordinate Bonds, when duly executed by the Authority and authenticated and delivered by the Subordinate Trustee, will be valid and binding obligations of the Authority.

Subordinated Obligations. Except to the extent restricted by a Supplemental Indenture, the Authority may issue or incur obligations payable out of Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Subordinate Bonds and any Subordinate Parity Obligations.

Covenants of the Authority

Punctual Payment and Performance. The Authority will punctually pay the principal of and the interest on (and redemption premiums, if any) to become due on the Subordinate Bonds in strict conformity with the terms of the Act, the Subordinate Indenture and the Subordinate Bonds, and will faithfully observe and perform all of the agreements and covenants contained in the Subordinate Indenture and the Subordinate Bonds.

Against Encumbrances. The Authority will not create or cause or permit to be created any pledge, lien, charge or encumbrance having priority over the lien of the Subordinate Bonds and Subordinate Parity Obligations upon any of the Revenue except Senior Obligations. The Authority will not create or cause or permit to be created any pledge, lien, charge or encumbrance having parity with the lien of the Subordinate Bonds and Subordinate Parity Obligations upon any of the Revenue except Subordinate Bonds and Subordinate Parity Obligations. The Authority will not create or permit to be created or issue any Subordinate Bonds, notes or other obligations secured by a pledge of or charge or lien upon Revenue except Senior Obligations, Subordinate Bonds and Subordinate Parity Obligations, provided that the Authority may at any time, or from time to time, issue or incur subordinated obligations as provided in the Subordinate Indenture.

Tax Covenants. The Authority will not use or permit the use of any proceeds of the Subordinate Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations that would cause the interest on Subordinate Bonds intended by the Authority to be exempt from federal income taxation to become subject to federal income taxation, and will not take or permit to be taken any other action or actions that would cause any such Subordinate Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Authority will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to Subordinate Bonds. In the event that at any time the Authority is of the opinion that for purposes of the provisions of the Subordinate Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Subordinate Trustee under the Subordinate Indenture, the Authority will so instruct the Subordinate Trustee under the Subordinate Indenture in writing, and the Subordinate Trustee is to take such action as may be necessary in accordance with such instructions.

Revenue Covenants. (a) The Authority covenants that it will at all times establish and maintain tolls on the Bay Area Bridges at rates projected by it to generate sufficient Revenue to pay, as and when due, amounts due on all Outstanding Senior Bonds, other Senior Obligations, Subordinate Bonds and Subordinate Parity Obligations, Maintenance and Operation Expenses, and other obligations of the Authority, and to otherwise comply with the Act.

(b) The Authority covenants to: (i) compute projected Available Revenue for each Fiscal Year (commencing with the Fiscal Year beginning July 1, 2010) and the ratio produced by dividing projected Available Revenue by projected Debt Service for that Fiscal Year (such ratio being hereinafter referred to as the "Coverage Ratio") within ten Business Days after the beginning of that Fiscal Year (such date of computation being hereinafter referred to as a "Coverage Calculation Date"); (ii) to promptly furnish to the Subordinate Trustee a Certificate of the Authority setting forth the results of such computations; and (iii) if the Coverage Ratio is less than 1.20:1, to take such action as promptly as practicable after the Coverage Calculation Date (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected Coverage Ratio for that Fiscal Year to equal or exceed 1.20:1.

Payment of Claims. The Authority will pay and discharge any and all lawful claims that, if unpaid, might become a charge or lien upon the Revenue or any part thereof, or upon any funds in the hands of the Authority or on deposit with the Subordinate Trustee, prior to or on a parity with the charge and lien upon the Revenue securing the Subordinate Bonds and any Subordinate Parity Obligations.

Accounting Records; Financial Statements and Other Reports. (a) The Authority will keep appropriate accounting records in accordance with generally accepted accounting principles. Such accounting records are at all times during business hours subject to the inspection of the Subordinate Trustee or of any Holder (or its representative authorized in writing).

(b) The Authority will prepare and file with the Subordinate Trustee annually within 210 days after the close of each Fiscal Year financial statements of the Authority for such Fiscal Year (which may be the financial statements of the Metropolitan Transportation Commission while the Authority is treated as a blended component unit thereof), together with an audit report thereon prepared by an Independent Certified Public Accountant.

Protection of Revenue and Rights of Holders. The Authority will preserve and protect the security of the Subordinate Bonds and Subordinate Parity Obligations and the rights of the Bondholders and the holders of Subordinate Parity Obligations and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Subordinate Bonds by the Authority, the Subordinate Bonds will be incontestable by the Authority.

Payment of Governmental Charges and Compliance with Governmental Regulations. The Authority will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Revenue, or any part thereof, promptly as and when the same shall become due and payable, except that the Authority is not required to pay any such governmental charges so long as the application or validity thereof is contested in good faith and the Authority has set aside reserves to cover such payments.

Continuing Disclosure. Upon the issuance of any Series of Subordinate Bonds or upon conversion of any Series of Subordinate Bonds to an interest rate period requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Authority and the Subordinate Trustee covenant and agree in the Subordinate Indenture that they will execute and deliver a Continuing Disclosure Agreement with respect to such Series of Subordinate Bonds and comply with and carry out all of the provisions of such Continuing Disclosure Agreement applicable to each such party. Notwithstanding any other provision of the Subordinate Indenture, failure of the Authority or the Subordinate Trustee to comply with the provisions of any Continuing Disclosure Agreement does not constitute an Event of Default under the Subordinate Indenture; provided, however, that the Subordinate Trustee, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of any Series of Subordinate Bonds then Outstanding, will (but only to the extent that the Subordinate Trustee is indemnified to its satisfaction from any liability or expense, including fees and expenses of its attorneys) or any Owner or Beneficial Owner of a Subordinate Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order to cause the Authority or the Subordinate Trustee, as applicable, to comply with its obligations under this paragraph.

Further Assurances. The Authority will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Subordinate Indenture and for the better assuring and confirming unto the Holders of the rights and benefits provided therein.

Events of Default and Remedies of Bondholders

Events of Default. The following events are Events of Default under the Subordinate Indenture:

(a) default in the payment of any interest on any Subordinate Bond when and as the same has become due;

(b) default in the payment of the principal of or premium, if any, on any Subordinate Bond when and as the same has become due, whether at the stated maturity or redemption date thereof or otherwise; and

(c) default in the observance or performance of any other covenant or agreement of the Authority contained in the Subordinate Indenture and the continuance thereof for a period of 60 days after written notice thereof to the Authority given by the Subordinate Trustee.

The Subordinate Trustee is not required to take notice or be deemed to have notice of any Event of Default of the type described in clause (c) above unless the Subordinate Trustee has been specifically notified in writing of such default by the Authority, or by the Owners of at least 25% in aggregate principal amount of all Subordinate Bonds then Outstanding, by means of a written notice delivered at the Principal Office of the Subordinate Trustee.

Application of Revenue and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenue pledged under the Subordinate Indenture and any other funds then held or thereafter received by the Subordinate Trustee under any of the provisions of the Subordinate Indenture are to be under the control of and applied by the Subordinate Trustee as follows and in the following order:

(a) first, to the payment of any amounts due the Senior Indenture Trustee pursuant to the Written Instruction;

(b) second, to the payment of any expenses necessary in the opinion of the Subordinate Trustee to protect the interests of the Holders of the Subordinate Bonds and payment of reasonable charges and expenses of the Subordinate Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Subordinate Indenture; and

(c) third, to the payment of the principal and interest then due on Subordinate Bonds and amounts then due on Subordinate Parity Obligations, in the order in which such amounts became due, subject to the provisions of the Subordinate Indenture and of the Written Instruction.

Suits at Law or in Equity and Mandamus. In case one or more Events of Default occur, then and in every such case the Subordinate Trustee may, and will at the request of the Holders of not less than a majority of the aggregate principal amount of any Series of Subordinate Bonds then Outstanding (or such greater percentage of the Holders of Subordinate Bonds of any Series as may be specified in the Supplemental Indenture creating such Series) upon receiving adequate indemnity, potentially including indemnity provided by such Holders, proceed to protect and enforce Bondholder rights by such appropriate judicial proceeding as the Subordinate Trustee deems most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Subordinate Indenture, or in aid of the exercise of any power granted in the Subordinate Indenture, or to enforce any other legal or equitable right vested in the Bondholders by the Subordinate Indenture or the Subordinate Bonds or by law. The provisions of the Subordinate Indenture constitute a contract with each and every Bondholder and the duties of the Authority are to be enforceable by the Subordinate Trustee on behalf of any Bondholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Nothing therein is to be deemed to authorize the Subordinate Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Subordinate Bonds or the rights of any Holder thereof, or to authorize the Subordinate Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondholders so affected.

No Acceleration Permitted. The remedies available to the Subordinate Trustee and the Holders of Subordinate Bonds upon and following the occurrence of an Event of Default do not include acceleration of the maturity of any Subordinate Bonds. The remedies available to the Senior Indenture Trustee and the holders of Senior Bonds upon and following the occurrence of an event of default under the Senior Indenture do not include acceleration of the maturity of any Senior Bonds.

Subordinate Trustee

The Subordinate Trustee shall be required to perform such duties and only such duties as are specifically set forth in the Subordinate Indenture. The Subordinate Trustee has accepted the duties imposed upon it under the Subordinate Indenture and agreed, among other things: to hold all sums held by it under the Subordinate Indenture in trust for the benefit of the Holders of Subordinate Bonds; to perform its obligations under the Subordinate Indenture; and to keep such books and records relating to its duties as Subordinate Trustee as shall be consistent with reasonable industry practice.

No provision of the Subordinate Indenture is to be construed to relieve the Subordinate Trustee from liability for its own negligent action or its own negligent failure to act, except that, at all times regardless of whether or not any Event of Default shall exist: (i) the duties and obligations of the Subordinate Trustee are to be determined solely by the express provisions of the Subordinate Indenture, and the Subordinate Trustee is not to be liable except for the performance of such duties and obligations as are specifically set forth in the Subordinate Indenture, and no implied covenants or obligations are to be read into the Subordinate Indenture against the Subordinate Trustee; (ii) in the absence of bad faith on the part of the Subordinate Trustee, the Subordinate Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate, notice, order, requisition, request, consent or opinion furnished to the Subordinate Trustee conforming to the requirements of the Subordinate Indenture; but in the case of any such certificate, notice, order, requisition, request, consent or opinion which by any provision thereof is specifically required to be furnished to the Subordinate Trustee, the Subordinate Trustee is to be under a duty to examine the same to determine whether or not it, on its face, conforms to the requirements of the Subordinate Indenture; (iii) the Subordinate Trustee is not to be liable for any error of judgment made in good faith unless it shall be proved that the Subordinate Trustee was negligent in ascertaining the pertinent facts; and (iv) the Subordinate Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority, or such larger or smaller percentage as may be required under the Subordinate Indenture, in aggregate principal amount of the Subordinate Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Subordinate Trustee or exercising any trust or power conferred upon the Subordinate Trustee under the Subordinate Indenture. The permissive right of the Subordinate Trustee to do things enumerated in the Subordinate Indenture as a right is not to be construed as a duty and the Subordinate Trustee is not to be answerable for other than its negligence or willful misconduct.

None of the provisions contained in the Subordinate Indenture shall require the Subordinate Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The Subordinate Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises. Before taking any action under the Subordinate Indenture relating to an Event of Default, the Subordinate Trustee may require that adequate indemnity be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability.

The Subordinate Trustee is not to be accountable for the use or application by the Authority of the proceeds of the Subordinate Bonds or for the use or application of any money paid over to the Authority by the Subordinate Trustee in accordance with the provisions of the Subordinate Indenture. The Subordinate Trustee has no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Subordinate Bonds other than information provided by the Subordinate Trustee for use therein, if any.

Whenever in the administration of the Subordinate Indenture the Subordinate Trustee deems it necessary or desirable that a matter be provided or established prior to taking or suffering any action to be taken under the Subordinate Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Subordinate Indenture) may, in the absence of negligence or willful misconduct on the part of the Subordinate Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority and delivered to the Subordinate Trustee and such certificate, in the absence of negligence or willful misconduct on the part of the Subordinate Trustee, shall be full warrant to the Subordinate Trustee for any action taken, suffered or omitted by it under the provisions of the Subordinate Indenture upon the faith thereof.

Removal. In case at any time either of the following occurs: (i) the Subordinate Trustee shall cease to be eligible in accordance with the provisions of the Subordinate Indenture and fails to resign after written request therefor by the Authority or by any Holder who has been a bona fide Holder of a Subordinate Bond for at least six months; or (ii) the Subordinate Trustee becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Subordinate Trustee or of its property is appointed, or any public officer takes charge or control of the Subordinate Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Authority may remove the Subordinate Trustee and appoint a successor trustee by an instrument in writing executed by an Authorized Representative, or any Holder who has been a bona fide Holder of a Subordinate Bond for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Subordinate Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it deems proper and prescribe, remove the Subordinate Trustee and appoint a successor trustee. If no successor trustee has been so appointed by the Authority and has accepted appointment within 30 days after such removal, the Subordinate Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide Holder of a Subordinate Bond for at least six months may, on behalf of itself and any others similarly situated, petition any such court for the appointment of a successor trustee.

The Authority or Holders of a majority in aggregate principal amount of the Subordinate Bonds at the time Outstanding may at any time remove the Subordinate Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by an Authorized Representative of the Authority or by such Holders, as the case may be.

Any resignation or removal of the Subordinate Trustee and appointment of a successor trustee pursuant to any of the provisions of the Subordinate Indenture becomes effective upon written acceptance of appointment by the successor trustee acceptable to the Authority. Any successor trustee shall execute, acknowledge and deliver to the Authority and to its predecessor trustee an instrument accepting such appointment under the Subordinate Indenture, and thereupon the resignation or removal of the predecessor trustee becomes effective and such successor trustee, without any further act, deed or conveyance, becomes vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts under the Subordinate Indenture, with like effect as if originally named as Trustee therein; but, nevertheless, on the Written Request of the Authority or the request of the successor trustee, the predecessor trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts therein expressed, all the rights, powers and trusts of the Subordinate Trustee so ceasing to act.

The Subordinate Trustee may execute any of the trusts or powers thereof and perform any of its duties and responsibilities under the Subordinate Indenture by or through attorneys, agents or receivers, including issuing and paying agents as provided in the Subordinate Indenture, and the Subordinate Trustee is not to be answerable for the conduct of the same if appointed with due care under the Subordinate Indenture, provided that the Subordinate Trustee remains responsible for its duties under the Subordinate Indenture. The Subordinate Trustee may consult with counsel and the advice or any opinion of counsel is to be full and complete authorization and protection in respect of any action taken or omitted by it under the Subordinate Indenture in the absence of negligence and willful misconduct and in accordance with such advice or opinion of counsel.

Modification or Amendment of the Subordinate Indenture

Amendments Permitted Without Bondholder Consent. Except to the extent restricted by a Supplemental Indenture, the Authority and the Subordinate Trustee, without the consent of or notice to any Bondholders, may execute Supplemental Indentures amending the Subordinate Indenture for one or more of the following purposes:

(a) to grant to or confer upon the Bondholders of any Series any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders;

(b) to grant or pledge to the Bondholders of any Series any additional security;

(c) to amend the Subordinate Indenture in such manner as may be necessary or convenient in connection with the book-entry system for payments, transfers and other matters relating to the Subordinate Bonds;

(d) to cure any ambiguity or to correct or supplement any provision of the Subordinate Indenture that, in the Opinion of Bond Counsel, is defective or inconsistent with any other provision of the Subordinate Indenture;

(e) to make any change therein necessary, in the Opinion of Bond Counsel, to maintain the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Subordinate Bonds intended by the Authority to bear federally tax-exempt interest;

(f) to make modifications or adjustments necessary in order to accommodate a Credit Support Instrument or a Reserve Facility;

(g) to modify, alter, amend or supplement the Subordinate Indenture if (1) all of the Subordinate Bonds to be affected thereby are variable interest rate bonds, (2) the modification, alteration, amendment or supplement will not become effective until written notice thereof has been given to Bondholders of the affected Series by the Subordinate Trustee, and (3) 30 days will have passed during which time such Bondholders will have had the opportunity to tender their variable interest rate Subordinate Bonds for purchase;

(h) to make any change therein that does not materially and adversely affect Bondholders (and the absence of a material or adverse effect may, but is not required to, be evidenced by a Certificate of the Authority or an Opinion of Bond Counsel); and

(i) to issue additional Subordinate Bonds under the Subordinate Indenture in accordance with the terms of the Subordinate Indenture;

provided, that no such amendment may permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Subordinate Bond, or (ii) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Subordinate Bond, or (iii) a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (iv) a reduction in the aggregate principal amount of the Subordinate Bonds required for any consent to any amendment as described in the following paragraph.

Amendments Requiring Bondholder Consent. Exclusive of amendments authorized by the provisions of the Subordinate Indenture described above and subject to the terms and provisions contained in the Subordinate Indenture and in any Supplemental Indenture, the Holders of not less than a majority of the aggregate principal amount of the then Outstanding Subordinate Bonds, or if less than all of the Outstanding Subordinate Bonds are affected, the Holders of not less than a majority of the aggregate principal amount of the Outstanding Subordinate Bonds affected, will have the right, from time to time, anything contained in the Subordinate Indenture to the contrary notwithstanding, to consent to such other amendments thereto for the purpose of modifying, altering, amending, or supplementing any of the terms or provisions contained in the Subordinate Indenture or in any Supplemental Indenture; provided, however, that nothing in the Subordinate Indenture will permit, or be construed as permitting (i) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Subordinate Bond, or (ii) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Subordinate Bond, or (iii) a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (iv) a reduction in the aggregate principal amount of the Subordinate Bonds required for any consent to any amendment.

Execution and Effect of Supplemental Indenture. Prior to executing any Supplemental Indenture, the Subordinate Trustee is entitled to receive and rely upon an Opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted under the Subordinate Indenture. The Subordinate Trustee is not obligated to execute any Supplemental Indenture adversely affecting its rights, duties protections and immunities under the Subordinate Indenture. Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of the Subordinate Indenture, the Subordinate Indenture is to be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Subordinate Indenture of the Authority, the Subordinate Trustee and all Owners of Outstanding Subordinate Bonds are thereafter to be determined, exercised and enforced subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture are to be deemed to be part of the terms and conditions of the Subordinate Indenture for any and all purposes.

Discharge of Lien

Discharge of Lien and Security Interest. At the election of the Authority, upon payment in full of all the Subordinate Bonds and of all other amounts payable under the Subordinate Indenture, the pledge and lien on the Revenue arising under the Subordinate Indenture is to cease, determine and be void; provided, however, such discharge of the Subordinate Indenture will not terminate the powers and rights granted to the Subordinate Trustee with respect to the payment, transfer and exchange of the Subordinate Bonds.

The Authority may at any time surrender to the Subordinate Trustee for cancellation any Subordinate Bonds previously authenticated and delivered under the Subordinate Indenture that the Authority at its option may have acquired in any manner whatsoever and such Subordinate Bonds upon such surrender and cancellation will be deemed to be paid and retired.

Notwithstanding any provision in the Subordinate Indenture to the contrary, if the principal of or interest on any Subordinate Bonds are paid by a Credit Provider, those Subordinate Bonds are to remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority within the meaning of the Subordinate Indenture, and the pledge of the Revenue and all covenants, agreements and other obligations of the Authority as therein provided are to continue to exist and will run to the benefit of such Credit Provider, and such Credit Provider is to be subrogated to the rights of the Holders.

Provision for Payment of Subordinate Bonds. Subordinate Bonds (or any portion of the Subordinate Bonds) are to be deemed to have been paid within the meaning of the above paragraphs if:

(a) there have been irrevocably deposited with the Subordinate Trustee in trust either (i) lawful money of the United States of America in an amount that will be sufficient, or (ii) Defeasance Securities, the principal and interest on which when due, together with the moneys, if any, deposited with the Subordinate Trustee at the same time, will be sufficient (as confirmed by a report of an Independent Certified Public Accountant), to pay when due the principal amount of, redemption premium (if any) and all unpaid interest on such Subordinate Bonds (or any portion thereof) to the maturity or the redemption date thereof, as the case may be; and

(b) if any such Subordinate Bonds are to be redeemed on any date prior to their maturity, (i) the Subordinate Trustee has received (not less than 45 days prior to the proposed redemption date) in form satisfactory to it irrevocable written instructions from an Authorized Representative to redeem such Subordinate Bonds on such date and (ii) notice of such redemption has been given or provision satisfactory to the Subordinate Trustee has been irrevocably made for the giving of such notice.

In addition, all money so deposited with the Subordinate Trustee as provided in the provisions of the Subordinate Indenture described under subparagraph (a)(i) above may also be invested and reinvested, at the written direction of an Authorized Representative, in Defeasance Securities, maturing in the amounts and times as set forth in the Subordinate Indenture, subject to the confirming report of an Independent Certified Public Accountant as to the sufficiency thereof as provided in the provisions of the Subordinate Indenture described under subparagraph (a)(ii) above, and all income from all Defeasance Securities in the hands of the Subordinate Trustee pursuant to the Subordinate Indenture, that is not required for the payment of the principal of the Subordinate Bonds and interest and redemption premium, if any, thereon with respect to which such money has been so deposited, is to be deposited in the Bond Fund as and when realized and applied as is other money deposited in the Bond Fund, or in the event there are no longer any Subordinate Bonds Outstanding under the Subordinate Indenture, such income is to be automatically paid over to the Authority.

Notwithstanding any other provision of the Subordinate Indenture, no Subordinate Bond that is subject to optional or mandatory tender in accordance with the provisions of the Supplemental Indenture pursuant to which such Subordinate Bond was issued, is to be deemed to be paid within the meaning of the Subordinate Indenture, unless arrangements have been made to assure that such Subordinate Bond, if tendered for purchase prior to the date of its redemption or maturity in accordance with the provisions of the applicable Supplemental Indenture, could be paid and redeemed from such moneys or Defeasance Securities as are provided pursuant to the provisions of the Subordinate Indenture summarized under "Provision for Payment of Subordinate Bonds."

Liability of Authority Limited to Revenue

The Authority is not required to advance any money derived from any source of income other than Revenue as provided in the Subordinate Indenture for the payment of the principal of or redemption premium, if any, or interest on the Subordinate Bonds or for the performance of any agreements or covenants contained therein. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring an indebtedness prohibited by the Subordinate Indenture.

Rights of Credit Providers

A Supplemental Indenture authorizing a Series of Subordinate Bonds may provide that any Credit Provider providing a Credit Support Instrument with respect to Subordinate Bonds of such

Series may exercise any right under the Subordinate Indenture given to the Owners of the Subordinate Bonds to which such Credit Support Instrument relates.

All provisions under the Subordinate Indenture authorizing the exercise of rights by a Credit Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, are to be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and is to be read as if the Credit Provider were not mentioned therein during any period during which there is a default by such Credit Provider under the applicable Credit Support Instrument or after the applicable Credit Support Instrument at any time for any reason ceases to be valid and binding on the Credit Provider, or is declared to be null and void by final judgment of a court of competent jurisdiction, or after the Credit Support Instrument has been rescinded, repudiated by the Credit Provider or terminated, or after a receiver, conservator or liquidator has been appointed for the Credit Provider or if the Credit Provider is rated below Baa3 by Moody's or BBB- by S&P. All provisions relating to the rights of a Credit Provider are to be of no further force and effect if all amounts owing to the Credit Provider under a Credit Support Instrument have been paid and the Credit Support Instrument provided by such Credit Provider is no longer in effect.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

$____________
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA [SUBORDINATE] TOLL BRIDGE REVENUE BONDS
____ SERIES ____

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "**Disclosure Agreement**") is executed and delivered by the Bay Area Toll Authority (the "**Authority**") and ____________________, as dissemination agent (the "**Dissemination Agent**") in connection with the issuance of $_____________ aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area [Subordinate] Toll Bridge Revenue Bonds, ____ Series _____ (the "**Bonds**"). The Bonds are being issued pursuant to a ______ Indenture dated as of ___________, 20__, by and between the Authority and __________________________, as trustee (the "**Trustee**"), as previously supplemented and as supplemented by the ________ Supplemental Indenture relating to the Bonds dated as of ____________, 20__, by and between the Authority and the Trustee (collectively, the "**Indenture**").

The Authority and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"**Annual Report**" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"**Counsel**" means any nationally recognized bond counsel or counsel expert in federal securities laws.

"**Dissemination Agent**" means __________________, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority and the Trustee a written acceptance of such designation.

"**Listed Events**" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"**Official Statement**" means the Official Statement dated [____________], 20__, relating to the Bonds.

"**Participating Underwriters**" means [______________________________].

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement by not later than 270 days after the end of the Authority's fiscal year in each year commencing with the report for fiscal year ending June 30, 20__. Not later than fifteen Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority, The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4. If the Authority's fiscal year changes, the Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If by fifteen Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall provide to the MSRB (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall, unless the Authority has done so pursuant to Section 3(a) above:

(i) Determine the then-current procedure for filing the Annual Report with the MSRB each year prior to the date for providing the Annual Report; and

(ii) If the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report(s) shall contain or include by reference the following information:

(a) Audited financial statements of the Authority for the prior Fiscal Year (which may be a component of the financial statements of the Metropolitan Transportation Commission), prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, provided that if the audited financial statements of the Authority are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available; and

(b) To the extent not contained in the audited financial statements provided to the MSRB pursuant to the preceding subsection (a) by the date required by Section 3 hereof, an update of (i) the table entitled "BRIDGE SYSTEM TOTAL TOLL RATES" set forth in the Authority's Information Statement, dated May 1, 2010, under the caption "THE BRIDGE SYSTEM—History of Toll Rates;" (ii) the table entitled "TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC" set forth in the Authority's Information Statement, dated May 1, 2010, under the caption "THE BRIDGE SYSTEM—Motor Vehicle Traffic;" and (iii) the table entitled "BRIDGE SYSTEM Historical Revenue and Debt Service Coverage" set forth in the Authority's Information Statement, dated May 1, 2010, under the caption "HISTORICAL REVENUE AND DEBT SERVICE COVERAGE."

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB's website. The Authority shall clearly identify each such other document so included by reference.

The Trustee and the Dissemination Agent shall have no responsibility for the content of the Annual Report, or any part thereof.

Each Annual Report shall state on the cover that it is being provided to the MSRB with respect to the Bonds.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;

(vii) Modifications to rights of security holders;

(viii) Bond calls;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds; and

(xi) Rating changes.

(b) The Trustee shall promptly advise the Authority at its notice address in this Disclosure Agreement whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence of a Listed Event and request that the Authority promptly notify the Trustee in writing whether to report the event pursuant to subsection (f) of this Section 5.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Authority shall determine as soon as possible if such event would constitute material information for holders of Bonds within the meaning of the federal securities laws.

(d) If the Authority has determined that knowledge of the occurrence of a Listed Event would be material, the Authority shall notify the Trustee promptly in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Authority determines that the Listed Event would not be material, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file or request the Dissemination Agent (if other than the Trustee) to file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) of this Section 5 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Bonds pursuant to the Indenture and notice of any other Listed Event is only required following the actual occurrence of the Listed Event. The notice of Listed Event must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

(g) The Trustee may conclusively rely on an opinion of Counsel that the Authority's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation.

(a) The Authority's obligations under this Disclosure Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the Dissemination Agent's obligations hereunder shall terminate upon its resignation or removal as Trustee in accordance herewith.

(b) This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Authority (i) delivers to the Trustee an opinion of Counsel, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require this Disclosure Agreement, or any of the provisions hereof, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (ii) delivers copies of such opinion to the Dissemination Agent (if other than the Trustee) for delivery to the MSRB.

Section 7. Dissemination Agent. From time to time, the Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agents with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) The undertakings herein, as proposed to be amended or waived, in the opinion of Counsel, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) in the opinion of the Trustee or Counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds or the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, the Trustee shall) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers end duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be required to consent to any amendment that would impose any greater duties or risk of liability on the Dissemination Agent. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

Section 12. Notices. Any notices given hereunder shall be given in writing at the addresses (including the facsimile numbers) set forth below:

If to the Authority: Bay Area Toll Authority
101 Eighth Street
Oakland, California 94607
Attention: Chief Financial Officer
Phone: (510) 817-5730
Fax: (510) 817-5934

If to the Trustee/Dissemination Agent: ______________________

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [______________], 20__

BAY AREA TOLL AUTHORITY

By: ____
Chief Financial Officer

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Disclosure Agreement.

_________________,
as Dissemination Agent

By: ____
Its: ____

ACKNOWLEDGED:

__________________,
as Trustee

By: ____
Its: ____

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE DISCLOSURE REPORT

Name of Issuer:

Bay Area Toll Authority

Name of Bond Issue:

San Francisco Bay Area [Subordinate] Toll Bridge Revenue Bonds ____ Series __

Date of Issuance: [__________], 20__

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board (the "MSRB") that the Authority has not provided an annual Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of [__________], 20__, by the Authority and ______________________, as Dissemination Agent. The Authority anticipates that the annual Disclosure Report will be provided to the MSRB by _________________.

Dated: ___________________

____________., as Dissemination Agent

By: ____

Its: ____

APPENDIX E

REGIONAL MEASURE 2 PROJECTS[1]

RM2 Project	Authorized Amounts
BART/MUNI Connection at Embarcadero and Civic Center Stations	$ 3,000,000
MUNI Metro Third Street Light Rail Line	30,000,000
MUNI Waterfront Historic Streetcar Expansion	10,000,000
East to West Bay Commuter Rail Service over the Dumbarton Rail Bridge	44,000,000
Vallejo Station	28,000,000
Solano County Express Bus Intermodal Facilities	20,000,000
Solano County Corridor Improvements near Interstate 80/Interstate 680 Interchange	100,000,000
Interstate 80: Eastbound High-Occupancy Vehicle (HOV) Lane Extension from Route 4 to Carquinez Bridge	50,000,000
Richmond Parkway Transit Center	16,000,000
Sonoma-Marin Area Rail Transit District (SMART) Extension to Larkspur or San Quentin	35,000,000
Greenbrae Interchange/Larkspur Ferry Access Improvements	65,000,000
Direct High-Occupancy Vehicle (HOV) lane connector from Interstate 680 to the Pleasant Hill or Walnut Creek BART Stations	15,000,000
Rail Extension to East Contra Costa/E-BART	96,000,000
Capital Corridor Improvements in Interstate 80/Interstate 680 Corridor	25,000,000
Central Contra Costa Bay Area Rapid Transit (BART) Crossover	25,000,000
Regional Express Bus North	20,000,000
TransLink	22,000,000
Real-Time Transit Information	20,000,000
Safe Routes to Transit	22,500,000
BART Tube Seismic Strengthening	33,801,000
Transbay Terminal/Downtown Caltrain Extension	150,000,000
Oakland Airport Connector	115,199,000
AC Transit Enhanced Bus-Phase 1 on Telegraph Avenue, International Boulevard, and East 14th Street	65,000,000
Commute Ferry Service for Alameda/Oakland/Harbor Bay	12,000,000
Commute Ferry Service for Berkeley/Albany	12,000,000
Commute Ferry Service for South San Francisco	12,000,000
Water Transit Facility Improvements, Spare Vessels, and Environmental Review Costs	48,000,000
Regional Express Bus Service for San Mateo, Dumbarton, and San Francisco-Oakland Bay Bridge Corridors	22,000,000
I-880 North Safety Improvements	10,000,000
BART Warm Springs Extension	186,000,000
I-580 (Tri Valley) Rapid Transit Corridor Improvements	65,000,000
Regional Rail Master Plan	6,500,000
Integrated Fare Structure Program	1,500,000
Transit Commuter Benefits Promotion	5,000,000
Caldecott Tunnel Improvements	50,500,000
BART Transit Capital Match	24,000,000
TOTAL	$1,465,000,000

1 RM2 also authorizes $50 million for the construction of the Benicia-Martinez Bridge in addition to amounts authorized under RM1, bringing the total project authorizations under RM2 to $1.515 billion.

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