NEW ISSUE — BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aa3"
Standard & Poor's: "AA"
Fitch: "AA-"
(See "RATINGS")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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 the Series 2008 F-1 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. In the further opinion of Bond Counsel, interest on the Series 2008 F-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 F-1 Bonds. See "TAX MATTERS."

$707,730,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2008 Series F-1

This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bay Area Toll Authority (the "Authority") will issue the 2008 Series F-1 Bonds described herein (the "Series 2008 F-1 Bonds") pursuant to a Master Indenture, dated as of May 1, 2001 (as amended and supplemented, including by a Twelfth Supplemental Indenture dated as of August 1, 2008, the "Indenture"), between the Authority and Union Bank of California, N.A., as trustee.

The Authority administers all toll revenues from the following seven 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 Authority will pay the Series 2008 F-1 Bonds from "Revenue," which is defined to include the tolls paid by vehicles using the seven bridges and interest earnings on fund balances. The Authority will pay certain operations and maintenance expenses first, defined as "Category B Maintenance Expenditures." The Authority has over $4.3 billion of other bonds outstanding that have a claim on bridge tolls equal to that of the Series 2008 F-1 Bonds. The Authority plans to issue more parity bonds in the future. The Authority covenants in the Indenture that it will set tolls high enough to pay debt service on the Series 2008 F-1 Bonds and all other bonds and obligations secured by toll revenues.

The Authority will use money from the sale of the Series 2008 F-1 Bonds to (i) refund the Authority's San Francisco Bay Area Toll Bridge Revenue Bonds, 2003 Series A and B, 2006 Series A-1, D-2 and E-1, and 2007 Series B-1, D-1, E-1 and E-2, (ii) make a cash deposit to the Reserve Fund, (iii) pay the costs of issuing the Series 2008 F-1 Bonds and (iv) pay the costs of remarketing certain of the Authority's variable rate demand bonds.

The Series 2008 F-1 Bonds will be dated their date of delivery. The principal amounts, interest rates, interest payment dates, maturity dates, and other information relating to the Series 2008 F-1 Bonds are summarized in the Summary of Offering on the inside cover page. Investors may purchase Series 2008 F-1 Bonds in book-entry form only.

Series 2008 F-1 Term Bonds (as identified in the Summary of Offering) are subject to mandatory sinking fund redemption by the Authority prior to maturity as described in this Official Statement. Series 2008 F-1 Bonds also are subject to optional redemption by the Authority prior to maturity as described in this Official Statement.

The Authority is not obligated to pay the Series 2008 F-1 Bonds except from Revenue as defined and provided in the Indenture. The Series 2008 F-1 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.

The Series 2008 F-1 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and other conditions. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Underwriters by their counsel, Nixon Peabody LLP. The Authority expects that the Series 2008 F-1 Bonds will be available for delivery on or about August 28, 2008.

Citi **Merrill Lynch & Co.**

JPMorgan **Lehman Brothers** **Morgan Stanley** **Stone & Youngberg LLC**

Banc of America Securities LLC **De La Rosa & Co., Inc.** **Goldman, Sachs & Co.** **Siebert Brandford Shank & Co., LLC**

Dated: August 6, 2008

SUMMARY OF OFFERING

$707,730,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2008 Series F-1

$152,965,000 5.000% Series 2008 F-1 Term Bonds due April 1, 2034 – Yield: 5.07% CUSIP[†]: 072024 JJ2

$274,860,000 5.000% Series 2008 F-1 Term Bonds due April 1, 2039 – Yield: 5.10% CUSIP[†]: 072024 JK9

$143,645,000 5.500% Series 2008 F-1 Term Bonds due April 1, 2043 – Yield: 5.18%[*] CUSIP[†]: 072024 JL7

$136,260,000 5.125% Series 2008 F-1 Term Bonds due April 1, 2047 – Yield: 5.33% CUSIP[†]: 072024 JM5

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[*] Priced to first call date of April 1, 2018 at par.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2008 F-1 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement 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 Underwriters 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 this Official 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.

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. No such information is a part of or incorporated into this Official Statement.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2008 F-1 Bonds.

This Official 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 Official 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. This Official Statement is submitted with respect to the sale of the Series 2008 F-1 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 this Official Statement 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 INDENTURE–Definitions."

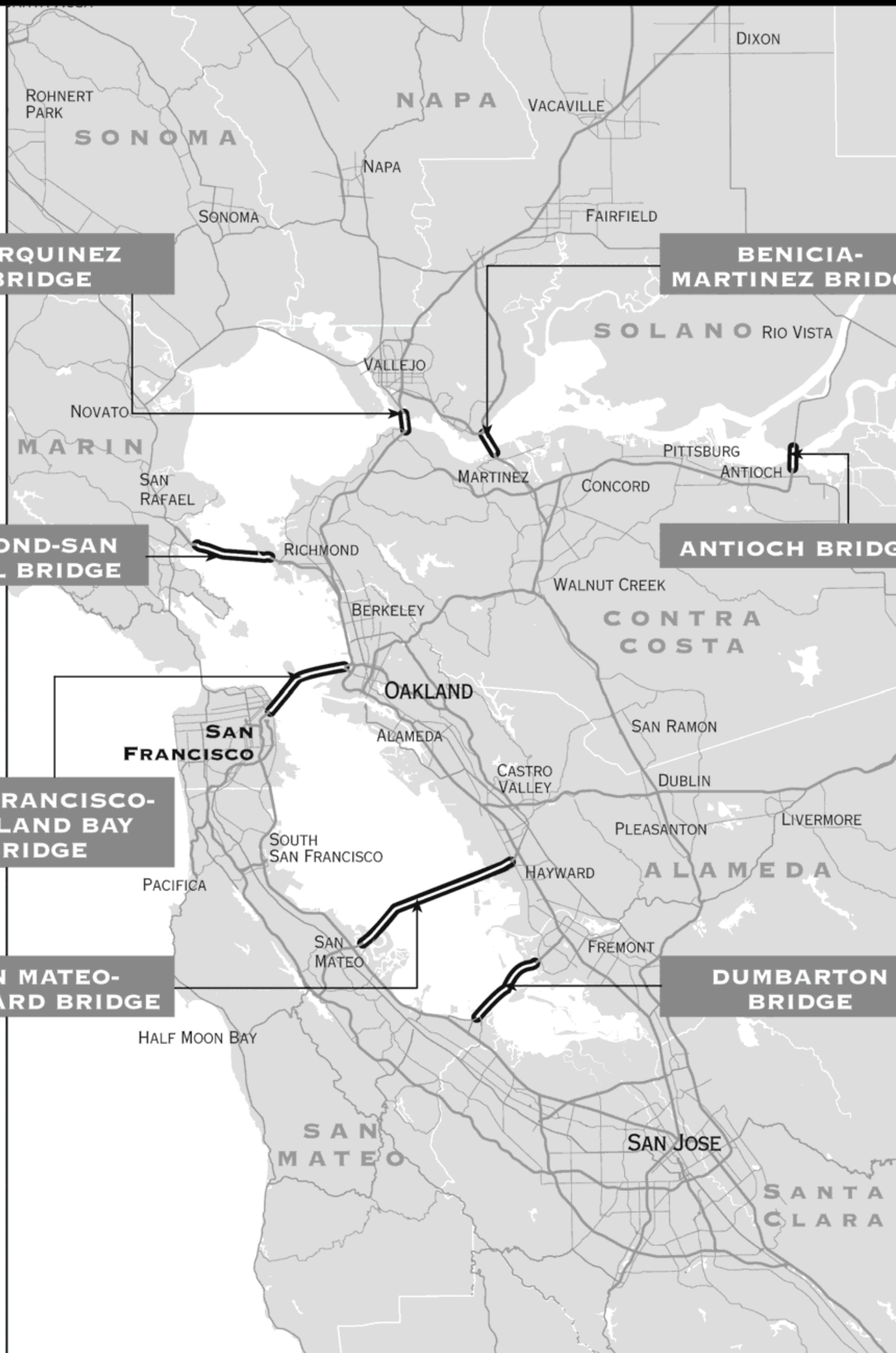
In connection with the offering of the Series 2008 F-1 Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2008 F-1 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2008 F-1 Bonds to dealers, institutional investors and others at prices lower than the public offering prices stated in the Summary of Offering on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Some statements contained in this Official 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 Official 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.

THE BATA BRIDGES



BAY AREA TOLL AUTHORITY

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Voting Members

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SCOTT HAGGERTY — Vice Chair	Alameda County
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STEVE HEMINGER, Executive Director
ANDREW B. FREMIER, Deputy Executive Director
BRIAN MAYHEW, Chief Financial Officer
RODNEY F. MCMILLAN, Director of Bridge Oversight and Operations
FRANCIS F. CHIN, General Counsel

TRUSTEE
Union Bank of California, N.A.
San Francisco, California

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

FINANCIAL ADVISOR
Public Financial Management Inc.
San Francisco, California

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OFFICIAL STATEMENT

$707,730,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2008 SERIES F-1

INTRODUCTION AND PURPOSE OF THE SERIES 2008 F-1 BONDS

This Official Statement, including the cover page and all appendices hereto (the "Official Statement"), provides information concerning the issuance and sale by the Bay Area Toll Authority (the "Authority") of $707,730,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-1 (the "Series 2008 F-1 Bonds").

The Authority was created by California statute in 1997 to administer toll revenue collections, as well as the financing of improvement programs, for the following 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"). In 2005, California law was enacted to authorize the Authority to assume responsibility for financing the seismic-retrofit program for the Bridge System.

The Authority will apply the proceeds of the Series 2008 F-1 Bonds to (i) refund the Authority's San Francisco Bay Area Toll Bridge Revenue Bonds, 2003 Series A and B, 2006 Series A-1, D-2 and E-1, and 2007 Series B-1, D-1, E-1 and E-2 (the "Refunded Bonds"), (ii) make a cash deposit to the Reserve Fund, (iii) pay costs incurred in connection with the issuance of the Series 2008 F-1 Bonds and (iv) pay costs of remarketing certain of the Authority's variable rate demand bonds that are subject to a mandatory tender in connection with a suspension of the bond insurance policies and a substitution of liquidity providers relating thereto. See "SUMMARY OF FINANCING PLAN – Estimated Sources and Uses of Funds." The Authority administers all tolls collected on the Bridge System and has pledged those tolls to the payment of the Series 2008 F-1 Bonds and the Authority's parity obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS."

DESCRIPTION OF THE SERIES 2008 F-1 BONDS

General

The Authority is issuing the Series 2008 F-1 Bonds pursuant to a Master Indenture, dated as of May 1, 2001, as supplemented and amended, including as supplemented by a Twelfth Supplemental Indenture, dated as of August 1, 2008 (the "Twelfth Supplemental Indenture" and, together with the Master Indenture and prior supplements, the "Indenture"), between the Authority and Union Bank of California, N.A., as trustee (the "Trustee").

The Series 2008 F-1 Bonds will be dated their date of delivery and will mature on the dates and in the principal amounts shown in the Summary of Offering on the inside cover page of this Official Statement. The Series 2008 F-1 Bonds will bear interest on the basis of a 360-day year comprised of twelve 30-day months at the respective rates per annum shown in the Summary of Offering on the inside cover of this Official Statement. Interest on the Series 2008 F-1 Bonds will be payable on April 1 and October 1 of each year commencing on October 1, 2008 (each an "Interest Payment Date") and at maturity or upon the prior redemption thereof. Each 2008 F-1 Bond will bear interest from the latest of: (i) its initial date of delivery, (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Bond is after a record date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. The record date for Series 2008 F-1 Bonds will be the fifteenth day (whether or not a Business Day) of the month preceding the Interest Payment Date. The Series 2008 F-1 Bonds will be issued in fully registered form in the denominations of $5,000 and any integral multiple thereof.

The Authority will issue the Series 2008 F-1 Bonds in book-entry form only. The Authority will register the Series 2008 F-1 Bonds in the name of a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Series 2008 F-1 Bonds. Investors may purchase Series 2008 F-1 Bonds in book-entry form only. Beneficial Owners of the Series 2008 F-1 Bonds will not receive certificates representing their ownership interests in the Series 2008 F-1 Bonds purchased. The Authority will make payments of principal and interest on the Series 2008 F-1 Bonds to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2008 F-1 Bonds is the responsibility of DTC's Direct and Indirect Participants and not the Authority. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

Redemption Terms of the Series 2008 F-1 Bonds

Optional Redemption. The Series 2008 F-1 Bonds are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part, on any date on or after April 1, 2018, at a redemption price equal to the principal amount of Series 2008 F-1 Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2008 F-1 Term Bonds maturing on April 1, 2034 are also subject to mandatory redemption by the Authority prior to their stated maturity, in part, by lot, from Sinking Fund Installments on each date a Sinking Fund Installment is due as set forth below in the principal amount equal to the Sinking Fund Installment due on such date and at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium:

Series 2008 F-1 Bonds Maturing April 1, 2034

Redemption Date (April 1)	*Sinking Fund Installment*
2032	$48,520,000
2033	50,950,000
2034†	53,495,000

† Final Maturity

The Series 2008 F-1 Term Bonds maturing on April 1, 2039 are also subject to mandatory redemption by the Authority prior to their stated maturity, in part, by lot, from Sinking Fund Installments on each date a Sinking Fund Installment is due as set forth below in the principal amount equal to the Sinking Fund Installment due on such date and at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium:

Series 2008 F-1 Bonds Maturing April 1, 2039

Redemption Date (April 1)	*Sinking Fund Installment*
2035	$56,170,000
2036	58,980,000
2037	61,930,000
2038	65,025,000
2039†	32,755,000

† Final Maturity

The Series 2008 F-1 Term Bonds maturing on April 1, 2043 are also subject to mandatory redemption by the Authority prior to their stated maturity, in part, by lot, from Sinking Fund Installments on each date a Sinking Fund Installment is due as set forth below in the principal amount equal to the Sinking Fund Installment due on such date and at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium:

Series 2008 F-1 Bonds Maturing April 1, 2043

Redemption Date (April 1)	*Sinking Fund Installment*
2040	$33,930,000
2041	35,165,000
2042	36,560,000
2043†	37,990,000

† Final Maturity

The Series 2008 F-1 Term Bonds maturing on April 1, 2047 are also subject to mandatory redemption by the Authority prior to their stated maturity, in part, by lot, from Sinking Fund Installments on each date a Sinking Fund Installment is due as set forth below in the principal amount equal to the Sinking Fund Installment due on such date and at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium:

Series 2008 F-1 Bonds Maturing April 1, 2047

Redemption Date (April 1)	*Sinking Fund Installment*
2044	$39,405,000
2045	40,810,000
2046	27,610,000
2047†	28,435,000

† Final Maturity

Purchase In Lieu of Redemption

In lieu of mandatory redemption from Sinking Fund Installments, the Authority may surrender to the Trustee for cancellation Series 2008 F-1 Term Bonds purchased by it, and such Series 2008 F-1 Term Bonds shall be cancelled by the Trustee. If any Series 2008 F-1 Term Bonds are so cancelled, the Authority may designate the Sinking Fund Installments or portions thereof that are to be reduced as a result of such cancellation.

General Redemption Provisions

Selection for Redemption. The Authority will designate which maturities of Series 2008 F-1 Bonds are to be redeemed. If less than all Series 2008 F-1 Bonds maturing on any one date are to be redeemed at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be redeemed. For purposes of such selection, the Series 2008 F-1 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event of an optional redemption of Series 2008 F-1 Term Bonds, 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2008 F-1 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 Series 2008 F-

1 Bonds shall cease to accrue, and said Series 2008 F-1 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS

Authority for Issuance

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 Series 2008 F-1 Bonds, to finance the construction, improvement and equipping of the Bridge System and other transportation projects authorized by the Act.

The Series 2008 F-1 Bonds are being issued by the Authority pursuant to the Indenture. For definitions of the capitalized terms used below, see APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Toll Setting Authority

The Act also authorizes the Authority to increase tolls if required to meet its obligations on any bonds, to satisfy its covenants under any bond resolution or indenture, or to complete the Seismic Retrofit Program (as hereinafter defined). Such toll rate increases are not limited in amount and do not require any legislation or approval by any regulatory agency. See "Toll Rate Covenants" below. The Authority is required to hold a public hearing before adopting a toll schedule increasing the RM Toll (as hereinafter defined), and to hold two public hearings before increasing the Seismic Surcharge (as hereinafter defined).

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 revenue bonds and in favor of any provider of credit enhancement for those bonds. Bridge Toll Revenues include all tolls, including the Seismic Surcharge, and all other income (e.g. 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 lien created on the Bridge Toll Revenues is subject to the prior payment of Operations & Maintenance Expenses, consisting of expenditures for toll collection activities and certain other operations and maintenance expenses, on the Bridge System. The Authority is required by the Indenture to set aside at the beginning of each fiscal year, in the Authority's Operations and Maintenance Fund, funds to pay Operations & Maintenance Expenses such that the amount on deposit therein equals two times budgeted Operations & Maintenance Expenses for that year and use those funds solely to pay Operations & Maintenance Expenses. The Authority is not required to so set aside funds if Bridge Toll Revenues are not sufficient to do so at the beginning of any fiscal year. See "THE BRIDGE SYSTEM—Toll Operations and Maintenance" and APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Pledge of Revenue

All Revenue is pledged to secure the punctual payment of the principal of and interest on all Bonds, Parity Obligations and Reserve Facility Costs (as defined herein). The Authority is first required to pay Operations & Maintenance Expenses. The Indenture provides that this pledge shall constitute a first lien on such amounts, shall be valid and binding from and after the issuance of the Bonds, without any physical delivery or further act and shall be irrevocable until all Bonds and Parity Obligations are no longer outstanding.

"Revenue" primarily includes Bridge Toll Revenues.

Revenue also includes:

(i) 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 Indenture and held by the Authority;

(ii) all amounts on deposit in the funds and accounts established pursuant to the Indenture and held by the Trustee (excluding the Rebate Fund and any fund or account established to hold the proceeds of a drawing on any Credit Support Instrument);

(iii) all interest or other income from investment of money in the funds and accounts established pursuant to the Indenture and held by the 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 consisting of amounts paid to the Authority pursuant to any Qualified Swap Agreement or Swap. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

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. Under the Indenture, the Authority is required to transfer to the Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Bonds and Parity Obligations not later than three Business Days prior to their due date.

Upon receipt by the Trustee, all Revenue is required by the Indenture to be deposited by the Trustee in a special fund designated as the "Bond Fund," which the Trustee is required 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 Indenture. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds and Accounts – Establishment and Application of Bond Fund" for information as to the transfer of funds from the Bay Area Toll Account to the Trustee under the Indenture to secure and provide for payment of the Series 2008 F-1 Bonds and other obligations payable from and secured by Revenue.

Pledge by the State

Pursuant to Section 30963 of the Act, the State has pledged and agreed with the holders of the 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 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 Bonds or any such parties until the Bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Toll Rate Covenants

The Authority covenants in the Indenture that it will at all times establish and maintain tolls on the Bridge System at rates sufficient to pay debt service on all Bonds and Parity Obligations secured by Revenue and to meet Operations & Maintenance Expenses and to otherwise comply with the Act.

The Authority also has covenanted to compute specified coverage ratios on an annual basis within ten Business Days after the beginning of each Fiscal Year and to increase tolls if any of (1), (2) or (3) below is true:

(1) the ratio produced by dividing Net Revenue (as hereinafter defined) by the sum of

(A) Annual Debt Service (See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"),

(B) MTC Transfers (transfers required to be made to the Metropolitan Transportation Commission for public transit projects, for projects that will help reduce vehicular congestion and improve bridge operations, and for the Authority's cost of administration) (See "THE BRIDGE SYSTEM—Transfers to MTC and Authority Administrative Costs"),

(C) Subordinated Maintenance Expenditures (which are normal highway maintenance expenditures payable from Bridge Toll Revenues, see "THE BRIDGE SYSTEM—Toll Operations and Maintenance") and

(D) payments on Subordinate Obligations (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)

for the then current fiscal year, is less than 1.0, *or*

(2) the ratio produced by dividing

(A) the sum of Net Revenue and any funds then on deposit in the Operations and Maintenance Fund by

(B) Fixed Charges (being the sum of Annual Debt Service and MTC Transfers)

for the then current fiscal year, is less than 1.25, *or*

(3) the ratio produced by dividing

(A) Net Revenue by

(B) 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.

"Net Revenue" is Revenue less Operations & Maintenance Expenses. "Operations & Maintenance Expenses" are defined to include all expenses related to Caltrans' operation and maintenance of toll facilities on the system bridges, including, but not limited to, toll collection costs, including wages and salaries, maintenance and electrical energy for toll administration buildings and toll booths, the costs of the San Francisco-Oakland Bay Bridge architectural lighting, and the costs of maintenance and operation of the existing Transbay Transit Terminal. Operations & Maintenance Expenses do not include Subordinated Maintenance Expenditures. See APPENDIX B — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Reserve Fund

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

The balance in the Reserve Fund is required by the Indenture to equal or exceed the "Reserve Requirement" (defined below). Following the issuance of the Series 2008 F-1 Bonds, the Reserve Requirement will be approximately $269,641,011 and cash and investments aggregating that amount will be held in the Reserve Fund. In addition, the Reserve Fund holds surety bond policies issued in the past by Ambac Assurance Corporation ("Ambac") in the aggregate amount of approximately $167,100,000 that can no longer be counted toward the Reserve Requirement due to rating agency downgrades of Ambac and that may be withdrawn from the Reserve Fund without notice to Bondholders. Alternatively, should Ambac's credit rating return to the highest rating category while the surety policies remain in the Reserve Fund, the Authority will be entitled to release an equivalent amount of cash from the Reserve Fund without notice to Bondholders.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the lesser of: (i) Maximum Annual Debt Service on all Bonds then Outstanding; and (ii) 125% of average Annual Debt Service on all Bonds then Outstanding; provided that with respect to a Series of Variable Rate Bonds for which a fixed rate Swap is not in place, the interest rate thereon for purposes of calculating the Reserve Requirement is to 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 Bonds, if the Reserve Fund would have to be increased by an amount greater than 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 Bonds) then the Reserve Requirement is to be such lesser amount as is determined by a deposit of such 10%. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions" and APPENDIX H – "PROJECTED DEBT SERVICE SCHEDULE."

The 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 Trustee equal to one-twelfth (1/12th) of the aggregate amount of the deficiency in the Reserve Fund. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds and Accounts – Establishment and Application of the Reserve Fund" and "– Funding of the Reserve Fund."

Outstanding Bonds and Parity Obligations

The Authority has previously issued Bonds outstanding in the aggregate principal amount of $4,328,390,000 as of July 1, 2008, secured on a parity with the Series 2008 F-1 Bonds, and has incurred other obligations secured on a parity with the Series 2008 F-1 Bonds. $657,100,000 aggregate principal amount of such previously issued Bonds will be refunded with a portion of the proceeds of the Series 2008 F-1 Bonds. See "SUMMARY OF FINANCING PLAN," APPENDIX G – "PARITY BONDS AND PARITY OBLIGATIONS" and APPENDIX H – "PROJECTED DEBT SERVICE SCHEDULE."

Additional Bonds and Parity Obligations

Additional Bonds (or Parity Obligations) may be issued under the Indenture only if at least one of the following is true immediately following the issuance of such additional Bonds (or Parity Obligations):

(a) the additional Bonds (or 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 Bonds (or Parity Obligations) to be refunded; (2) all expenses incident to the calling, retiring or paying of such Bonds (or Parity Obligations) and the Costs of Issuance of such refunding Bonds (or Parity Obligations); (3) interest on all Bonds (or Parity Obligations) to be refunded to the date such Bonds (or Parity Obligations) will be called for redemption or paid at maturity; and (4) interest on the refunding Bonds (or Parity Obligations) from the date thereof to the date of payment or redemption of the Bonds (or Parity 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 Bonds (and Parity Obligations), calculated as of the date of sale of, and including such additional Bonds (or Parity 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 System Bridge, to (B) Maximum Annual Debt Service on the Bonds (and Parity Obligations), calculated as of the date of sale of and including such additional Bonds (or Parity Obligations), will not be less than 1.50:1.

For purposes of the above-described calculation, if additional Bonds and Parity Obligations are issued to finance a Project that includes toll bridge program capital improvements for any bridge newly designated as a System Bridge, projected Net Revenue for such bridge shall 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 prior to such calculation date. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions" and "-Additional Bonds; Subordinate Obligations."

Pursuant to the Indenture, at such time as the Authority determines to issue additional Bonds, the Authority shall, in addition to fulfilling the requirements of the Indenture described above, file with the Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements of the Indenture described under subparagraph (a) or (b) of the second immediately preceding paragraph have been satisfied; (c) if such additional Bonds are being issued based upon compliance with the provisions of the Indenture described in subsection (b)(1) of the second immediately preceding paragraph, 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 Bridge System such that Net Revenue for the then current Fiscal Year would be insufficient to meet the debt service coverage requirement described in subsection (b)(1) of the second immediately preceding paragraph; (d) the balance in the Reserve Fund upon receipt of the proceeds of the sale of such Series of Bonds shall be increased, if necessary, to an amount at least equal to the Reserve Requirement with respect to all Bonds Outstanding upon the issuance of such Series of Bonds; and (e) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture creating such Series of Bonds has been duly authorized by the Authority in accordance with the Indenture and that such Series of Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

All of the Authority's toll bridge revenue bonds have been issued under the Indenture. The Authority may decide to issue additional toll bridge revenue bonds under another indenture of trust as Parity Obligations in compliance with the foregoing requirements of the Indenture. The Authority may decide to issue additional toll bridge revenue bonds as Subordinate Obligations as described below.

Standby Bond Purchase Agreements

The Authority has entered into six Standby Bond Purchase Agreements that are intended to provide funds for the purchase of the Authority's variable rate demand bonds that are tendered by the Owners thereof and are not successfully remarketed. Four of such Standby Bond Purchase Agreements are expected to be replaced by a new Standby Bond Purchase Agreement executed in connection with a remarketing of certain of the Authority's variable rate demand bonds. See "SUMMARY OF FINANCING PLAN — Other Transactions." Certain of the Authority's obligations under the Standby Bond Purchase Agreements are on parity with the Bonds, including the Series 2008 F-1 Bonds. The Authority's obligation to pay interest on amounts advanced under the Standby Bond Purchase Agreements can be as high as 15% per annum. None of the Standby Bond Purchase Agreements is a source of funds for the payment of Series 2008 F-1 Bonds. See APPENDIX G — "PARITY BONDS AND PARITY OBLIGATIONS — Standby Bond Purchase Agreements."

Subordinate Obligations

Except to the extent restricted by the Indenture, the Authority may issue or incur obligations ("Subordinate Obligations") payable out of Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. The Authority's Subordinate Obligations currently consist of fees and expenses and any termination payments under the Authority's Qualified Swap Agreements.

Qualified Swap Agreements

The Authority has entered into Qualified Swap Agreements with a notional amount of approximately $2.8 billion and expects to enter into more in the future. See APPENDIX G "PARITY BONDS AND PARITY OBLIGATIONS." The Qualified Swap Agreements may terminate upon the occurrence of certain events. In the event a Swap Agreement is terminated, a termination payment will be payable by either the Authority or the Swap Provider depending on the then current market value of the Swap Agreement. Any such termination payment payable by the Authority could be substantial. Certain termination payments to the Swap Providers under the Swap Agreements are insured pursuant to surety bonds for the Swap Agreements. Further, termination payments are payable on a basis subordinate to the Bonds but may be financed through the issuance of Additional Bonds. Certain of the Qualified Swap Agreements pursuant to which the Authority receives floating rate payments were entered into in connection with the issuance of the Refunded Bonds and may be modified, hedged or terminated at the Authority's discretion. The Authority is pursuing Qualified Swap Agreements in an aggregate notional amount of up to $560 million pursuant to which the Authority will receive fixed rate payments and will pay the counterparties a floating rate based upon an index. Whether and when the Authority enters into such Qualified Swap Agreements depends on market factors. Some or all of such additional Qualified Swap Agreements could be in place by the time the Series 2008 F-1 Bonds are issued. The Authority may also amend certain existing Qualified Swap Agreements to provide for different counterparties.

Special Obligations

The Series 2008 F-1 Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Indenture and the Authority is not obligated to pay them except from Revenue. The Series 2008 F-1 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.

BAY AREA TOLL AUTHORITY

The Authority is a public instrumentality created under the Act, and is authorized under California law to administer all toll revenues from the Bridge System. The governing body of the Authority is comprised of sixteen voting members appointed by public entities in the San Francisco Bay Area (the "Bay Area"), and three non-voting members appointed by State and federal agencies. These nineteen members are comprised of the following: (a) two members each from the City and County of San Francisco and from Alameda, Contra Costa, San Mateo, and Santa Clara Counties, (b) one member each from Marin, Napa, Solano and Sonoma Counties, (c) one representative each appointed by the Association of Bay Area Governments and the San Francisco Bay Conservation and Development Commission, and (d) one representative each, who shall be non-voting members, appointed by the State of California Secretary of the Business, Transportation and Housing Agency, 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. A list of the current commissioners is included in the forepart of this Official Statement.

The Authority is governed by the same board as that governing the Metropolitan Transportation Commission ("MTC"). MTC is a public agency created in 1970 by the California State Legislature for the purpose of providing regional transportation planning and organization for the nine Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

The Bay Area Infrastructure Financing Authority or "BAIFA" is a joint exercise of powers authority created by a Joint Exercise of Powers Agreement between the Authority and MTC. In December 2006, BAIFA issued its $972,320,000 State Payment Acceleration Notes ("SPANs"), the net proceeds of which are being used to finance a portion of the Seismic Retrofit Program described later in this Official Statement. The BAIFA SPANs have no claim on and are not payable from toll revenues collected by the Authority.

THE BRIDGE SYSTEM

General

The Bridge System consists of seven bridges described below that link numerous federal and state highways in the nine-county San Francisco Bay Area. The Golden Gate Bridge, which connects San Francisco with Marin County and northern California highways, is neither owned nor operated by the State nor administered by the Authority.

San Francisco-Oakland Bay Bridge. The San Francisco-Oakland Bay Bridge opened to traffic in November 1936 and connects the cities of San Francisco and Oakland and also serves neighboring cities and suburban areas in Alameda, Contra Costa and San Mateo Counties. The San Francisco-Oakland Bay Bridge provides the most direct connection between central San Francisco and the main transcontinental highways in the Bay Area.

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 San Francisco-Oakland Bay Bridge. The west span comprises two suspension bridges with a common central anchorage and with a truss span at the San Francisco end; the aggregate length of the western crossing is 10,300 feet. Each suspension bridge has a center span of 2,310 feet between towers, and two 1,160 foot side spans. A 520 foot long tunnel on Yerba Buena Island connects the western crossing to the eastern crossing via a 2,625 foot long reinforced concrete viaduct across the island. The east span consists of 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. Caltrans is constructing a replacement for the east span. See "CAPITAL PROJECTS AND FUNDING – Seismic Retrofit Program Capital Projects."

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 U.S. Route 101 south of San Francisco without use of local San Francisco streets. At the eastern terminus, approaches connect through-traffic with U.S. Interstate Highways 80, 580 and 880.

Carquinez Bridge. The Carquinez Bridge consists of two parallel spans that cross the Carquinez Strait between Vallejo and Crockett carrying Interstate 80 and links the Bay Area and the Napa Valley. The spans are 28 miles north-east of San Francisco and 65 miles south-west of Sacramento. The eastern span is the older of the two bridges and opened in 1958. The eastern span consists of welded members of high strength steel bolted together and carries four lanes of northbound Interstate 80 traffic. The eastern span is a through-truss superstructure 3,350 feet long with cantilever spans of 1,100 feet. Vertical clearance is 148 feet. The western span is a suspension bridge with concrete towers and steel orthrotropic steel box girder decks and was opened to traffic in November 2003 and is described under "CAPITAL PROJECTS AND FUNDING – Regional Measure 1 Projects."

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. The bridge provides a direct connection via Interstate 680 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 U.S. Interstate Highways 80, 680, and 780. The west span, opened to traffic in 1962, is a 6,215 foot-long, deck-truss, with seven 528-foot spans, which provide 138 feet of vertical clearance. 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. With the opening of the new east span on

August 25, 2007, the west span currently carries three lanes of southbound traffic only. Funded primarily with Regional Measure 1 toll funds, the new east span carries five lanes of northbound traffic (two more than before) and features a new expanded toll plaza with the Bay Area's first open road tolling (ORT) FasTrak Express Lanes. The new east span is a cast-in-place reinforced concrete structure 8,790 feet long including approaches. The west span will be modified over the next year to carry four lanes of southbound traffic (one more than currently) and a pedestrian/bicycle lane. See "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects."

San Mateo-Hayward Bridge. The San Mateo-Hayward Bridge is situated approximately 17 miles south of the San Francisco-Oakland Bay Bridge, connecting the City of San Mateo on the San Francisco peninsula with the east shore of the San Francisco Bay in Alameda County, approximately five miles southwest of Hayward. The original bridge was constructed under private ownership and opened to traffic in 1929. In 1951, the San Mateo-Hayward Bridge was purchased from its private owners, and, in 1961, the State Legislature approved construction of a new bridge to replace the original bridge. The replacement bridge was opened to traffic in 1967. The high-level steel section of the current structure is approximately two miles long, provides 135 vertical feet of clearance over the navigation channel and carries six lanes of traffic. See "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects."

Richmond-San Rafael Bridge. The Richmond-San Rafael Bridge opened to traffic in 1956, and provides access via Interstate 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 5½ miles long and of cantilever-truss construction. Its major spans stretch 1,070 feet over dual shipping channels to provide a vertical clearance of 185 feet. As originally constructed, a single three-lane deck was provided for two-way traffic. A lower two-lane deck was constructed later, resulting in a two-deck structure carrying traffic in one direction on each deck.

Dumbarton Bridge. The Dumbarton Bridge is situated approximately 10 miles south of the San Mateo-Hayward Bridge and 27 miles south of the San Francisco-Oakland Bay Bridge. The original Dumbarton Bridge was purchased in 1951 from its private owner. The western end of the structure 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. In 1978, construction began on a new Dumbarton Bridge, which was opened to traffic in 1982. The Dumbarton Bridge is a six-lane structure that is 1.6 miles long with a pedestrian/bicycle lane. The western approach to the bridge connects State Route 84 to U.S. Route 101 in Palo Alto and Redwood City and the eastern approach connects to Interstate 880 in Alameda County. The channel span, which has a length of 340 feet, provides 85 feet of vertical clearance for the passage of ships. The approach spans on both sides of the San Francisco Bay 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. This bridge is the subject of ongoing seismic vulnerability study and analysis. See "CAPITAL PROJECTS AND FUNDING — Ground Motions and Seismic Design Strategy for the Bridge System — *Antioch Bridge and Dumbarton Bridge*."

Antioch Bridge. Located 25 miles east of the Benicia-Martinez Bridge, the Antioch Bridge 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 1.6 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 in Contra Costa County to the south. The Antioch Bridge has a navigational clearance of 135 feet vertically and 400 feet horizontally. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders for pedestrians and bicyclists. This bridge is the subject of ongoing seismic vulnerability study and analysis. See "CAPITAL PROJECTS AND FUNDING — Ground Motions and Seismic Design Strategy for the Bridge System — *Antioch Bridge and Dumbarton Bridge*."

Toll Rates

In 1988, voters approved Regional Measure 1 ("RM1") establishing a uniform toll rate of $1.00 for two-axle vehicles using the Bridge System and a uniform toll schedule for all other toll-paying vehicles using the System Bridges. In 2004, voters approved Regional Measure 2 ("RM2") which provided a toll increase of $1.00 to the toll schedule applicable to all toll-paying vehicles (together, the "RM Toll").

Commencing on January 1, 1998, a $1.00 seismic surcharge (the "Seismic Surcharge") was imposed by California law on toll-paying vehicles using the System Bridges 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. In January 2006, the Authority authorized a $1.00 per vehicle increase in the Seismic Surcharge that took effect on January 1, 2007 (with a one-month exemption from such increase for vehicles using the Electronic Toll Collection System ("ETC")). The combination of the RM Toll and the Seismic Surcharge results in a current total toll of $4.00 for two-axle vehicles.

The table below sets forth the toll rates currently in effect on the System Bridges.

BRIDGE SYSTEM TOLL RATES

Number of Axles Per Vehicle	RM Toll	Seismic Surcharge	Total Toll
2 axles	$2.00	$2.00	$ 4.00
3 axles	4.00	2.00	6.00
4 axles	6.25	2.00	8.25
5 axles	9.25	2.00	11.25
6 axles	10.00	2.00	12.00
7 axles or more	11.50	2.00	13.50

Source: The Authority.

Tolls on each of the System Bridges are collected from vehicles going in one direction only. The RM Toll rates are based on the total number of axles on the roadway for a given vehicle. The Seismic Surcharge is a flat charge per toll-paying vehicle irrespective of the number of axles.

Pursuant to Section 30102.5 of the Act, the Authority may grant reduced-rate and toll-free passage on the System Bridges to selected categories of vehicles. Currently such vehicles primarily include commuter buses and vanpool vehicles, car pool vehicles (two-axle vehicles with three, and in some cases two, passengers) and certain low-emission vehicles (subject in each case to restrictions). The Authority's discretion to permit toll-free or reduced rate passage is subject to its obligations to meet its toll rate covenants under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS—Toll Rate Covenants." In the fiscal year ended June 30, 2007, authorized toll-free traffic consisted of approximately 9,783,000 vehicles (representing about 7.5% of total traffic).

Toll Collection

Cash toll payments on the Bridge System are collected at toll booths staffed by employees of Caltrans. As of July 1, 2004, the Authority assumed responsibility from Caltrans for processing all toll cash collections, including cash vault and other cash management services such as transport and deposit.

In 2000, Caltrans installed on each Bridge the electronic toll collection ("ETC") system, an automated toll collection and accounting system by which tolls may be collected electronically. The ETC process consists of five components: a transponder, which is placed inside the vehicle; an overhead antenna, which reads the transponder and charges the toll to the driver's ETC account; light curtains, which serve to separate vehicles; treadles, which count axles; and video cameras to identify toll evaders. The overhead antenna reads the transponder as the vehicle passes through the toll plaza. The ETC system determines the appropriate toll for the vehicle and automatically deducts that toll from the driver's prepaid account allowing the vehicle to continue without stopping at the toll booth. Drivers have the ability to replenish their ETC account by authorizing automatic charges to a credit card. In March 2008, approximately 64% of peak morning period total toll-paying traffic, 58% of peak afternoon period total toll-paying traffic and 63% of total toll-paying traffic were ETC users. In 2007 open road tolling, which eliminates toll booths for the ETC lanes, commenced on the Benicia-Martinez Bridge. See "THE BRIDGE SYSTEM—General—Benicia-Martinez Bridge."

Pursuant to a cooperative agreement between the Authority and the Golden Gate Bridge, Highway and Transportation District, the Authority provides management oversight of the ETC customer service centers for the Bridge System and for the Golden Gate Bridge. Current ETC customer service center activities include the establishment and maintenance of customer accounts, the issuance of transponders, the processing of payments, the handling of funds, the replenishment of credit card accounts, the issuance of quarterly statements to customers, the delivery and tracking of violation notices, the collection of violation fees, and the operation of a telephone information center and walk-in customer services. As of March 2008, the customer service center manages 755,000 customer accounts. In December 2003, the Authority executed a 5-year contract (with two extension options) with ACS State and Local Solutions, Inc. ("ACS"), a provider of transportation revenue collection, accounting and other services, to operate the existing centers and to develop and operate a consolidated ETC customer service center. The Authority plans to exercise the option to extend the ACS contract for an additional two years.

Motor Vehicle Traffic

Total traffic (comprised of toll-paying, toll-free and violators) on the Bridge System has declined from 132,010,203 vehicles in the fiscal year ended June 30, 2005, to 130,495,021 vehicles in the fiscal year ended June 30, 2006, and to 129,565,298 vehicles in the fiscal year ended June 30, 2007. The Authority believes that these changes in total traffic may be attributed to, among other factors, ongoing construction, particularly on the west approach, and resulting congestion on and temporary closures of the San Francisco-Oakland Bay Bridge. In addition, a 26-day closure of an adjacent freeway due to a tanker truck accident in April 2007 led to reduced traffic on the San Francisco-Oakland Bay Bridge. Recent observations show decreased traffic on the Interstate 80 corridor that may be attributable to high fuel costs. Also, expansion of electronic toll collection combined with delays in maintenance of the automated toll collection equipment likely contributed to some inaccuracy in traffic counts and, more specifically, increased toll violations and reduced toll-paid vehicle traffic. The Authority believes that many of the problems associated with delayed maintenance have been rectified.

The following table sets forth total toll-paying motor vehicle traffic for fiscal years ended June 30, 1998, through June 30, 2007.

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

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	Percent Change
1998	44,729,012	18,796,163	16,573,534	13,754,628	10,765,330	9,908,270	1,665,212	116,192,149	-
1999	44,533,697	19,651,975	16,493,049	13,955,433	11,200,739	9,793,520	1,757,864	117,386,277	1.0%
2000	44,855,956	20,461,648	16,813,906	14,409,281	11,841,371	10,399,814	1,909,697	120,691,673	2.8
2001	45,168,355	21,193,743	17,158,684	14,072,286	12,276,754	10,948,299	2,115,873	122,933,994	1.9
2002	45,117,544	21,677,767	17,732,756	13,725,980	12,468,123	10,778,861	2,325,423	123,826,454	0.7
2003	44,995,916	21,823,764	17,794,558	14,342,756	12,513,519	10,223,777	2,354,103	124,048,393	0.2
2004	44,646,387	22,053,941	17,987,638	15,201,496	12,398,819	9,976,620	2,477,631	124,742,532	0.6
2005	43,357,197	21,344,225	17,116,312	14,789,420	11,758,224	9,297,568	2,472,267	120,135,213	(3.7)
2006	41,264,835	20,914,337	17,071,427	15,131,279	11,907,709	9,529,100	2,479,233	118,297,920	(1.5)
2007	40,134,300	20,722,097	16,974,626	14,880,956	11,912,958	9,516,215	2,517,369	116,658,521	(1.4)

Source: Caltrans/The Authority.

The Authority estimates that as of June 30, 2008 total traffic count was down approximately 1.5% from June 30, 2007, primarily on the San Francisco-Oakland Bay Bridge. The Authority believes that declines in traffic counts for toll-paying traffic shown in the above table in the last three fiscal years are due in part to the factors affecting total traffic that are described in the second paragraph immediately preceding the table and also result from two additional factors: (1) increases in the percentage of total traffic using electronic toll collection lanes (described above under "Toll Collection"); and (2) a change in reporting methodology effective in the fiscal year ended June 30, 2005. Some of the users of automatic toll collection lanes are classified as toll violators. Toll violations have increased as the number of automatic toll collection lanes has increased. Toll violators include drivers that intentionally avoid the payment of tolls or erroneously use an automatic toll collection lane (approximately 3 percent of total traffic in 2007) or whose toll is not collected electronically due to mechanical or processing difficulties. The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue (see "Historical Revenue, Expenditures and Debt Service Coverage" below). The Authority is working to improve both the electronic toll collection process as well as the process for collecting violation revenue through a series of system and process upgrades.

The Authority has made and continues to make modifications to the ETC and toll operating process that are designed to correct toll payment and violation processing errors. These changes include a maintenance contract with ACS to provide maintenance services for the ETC lane equipment and lane, plaza and host software and hardware systems on the System Bridges. ACS's responsibilities include performing scheduled preventive and on-call remedial maintenance and repairs of the ETC system lane equipment (e.g. treadles, light curtains, etc.), and system administration services. In addition, plans for a new violation enforcement system are underway.

Toll Operations and Maintenance

The Authority adopts an annual toll collection operating budget (the "Operating Budget"). The Authority's Operating Budget includes costs for operation and maintenance of the Bridge System, the costs of operation of the ETC system, cash management, toll accounting administration and finance, as well as MTC Transfers and other items.

The Cooperative Agreement between the Authority and Caltrans

Caltrans is responsible for maintaining the Bridge System in good repair and condition, in accordance with standards applicable to all State highways and bridges. Caltrans and BATA are required by the Act to operate the toll collection system under a cooperative agreement.

The Cooperative Agreement, effective as of April 25, 2006 (as it may be amended from time to time, the "Cooperative Agreement"), between the Authority and Caltrans, (1) allocates funding responsibilities for the operation and maintenance of the Bridge System between the Authority and Caltrans, and (2) defines the methodology by which the Authority will establish budget limits on the amount of funding that the Authority will make available to Caltrans for toll collection operations, as well as Category A Maintenance Expenditures and Category B Maintenance Expenditures (as described below). The Cooperative Agreement is scheduled to expire on July 1, 2015.

Category A and Category B Maintenance Expenditures

California Streets and Highways Code Section 188.4 provides that maintenance expenditures on the Bridge System are classified as either Category A Maintenance Expenditures or Category B Maintenance Expenditures.

"Category A Maintenance Expenditures" consist of costs for normal highway maintenance that would be performed by the State according to State procedures if the Bridge System were a toll-free State facility. Category A Maintenance Expenditures include the costs of maintenance of the System Bridges and other structures, roadbeds, pavement, drainage systems, debris removal, landscaping, traffic guidance systems, ice controls, dedicated bridge maintenance stations and maintenance training. Category A Maintenance Expenditures on all System Bridges, except the San Francisco-Oakland Bay Bridge, are payable from Bridge Toll Revenues. Category A Maintenance Expenditures on the San Francisco-Oakland Bay Bridge are payable until Seismic Retrofit Program work is completed from the State Highway Account, an account within the State Transportation Fund where all funds available from any source for expenditure on work within the control of Caltrans are deposited. Upon completion of Seismic Retrofit Program work on the San Francisco-Oakland Bay Bridge, Category A Maintenance Expenditures with respect to that bridge will be payable from Bridge Toll Revenues.

Category A Maintenance Expenditures are Subordinated Maintenance Expenditures as defined in the Indenture. Payment of Category A Maintenance Expenditures is subordinate to the Authority's obligation to pay principal of and interest on the Bonds and Parity Obligations. See "Historical Revenue, Expenditures and Debt Service Coverage" below.

"Category B Maintenance Expenditures" include all expenses related to maintenance and reconstruction work of those facilities such as toll facility administration buildings and toll booths which are constructed primarily for the purposes of collecting tolls. Category B Maintenance Expenditures are defined in the Indenture as Operations & Maintenance Expenses and are paid in accordance with the Cooperative Agreement. The statutory lien on Bridge Toll Revenues in favor of the holders of the Authority's revenue bonds and in favor of any providers of credit enhancement for those bonds is subject to the prior payment of Operations & Maintenance Expenses. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS."

Operations and Maintenance Fund

The Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues on deposit in the Bay Area Toll Account such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund shall equal two times the budgeted Operations & Maintenance Expenses for the Fiscal Year. Amounts on deposit in the Operations and Maintenance Fund are to be used and withdrawn by the Authority solely to pay Operations & Maintenance Expenses and are not pledged to the payment of the Bonds or Parity Obligations. The balance in the Operations and Maintenance Fund as of June 30, 2008 was approximately $150 million. See "Toll Operations and Maintenance" above.

The 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 Indenture for as long as the Authority shall punctually pay the principal of and interest on the Bonds as they become due and observe and comply with the toll rate covenants in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS –Toll Rate Covenants" and APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Covenants of the Authority."

Transfers to MTC and Authority Administrative Costs

The annual operating budget of the Authority provides for fund transfers to MTC (the "MTC Transfers") for the purposes described below. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS—Toll Rate Covenants." These fund transfers are subordinate to the Authority's obligation to pay principal of and interest on the Bonds and Parity Obligations.

The following table sets forth transfers to MTC for AB 664 Net Toll Revenue Reserves, Two Percent Transit Reserves, Rail Extension Reserves, Regional Measure 2 Operating Transfers and Authority Administrative Costs for the Fiscal Years ended June 30, 2003 through June 30, 2007. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS—Toll Rate Covenants."

TRANSFERS TO MTC
($ in millions)

Fiscal Year Ended June 30,	AB 664 Net Toll Revenue Reserves Transfer	Two Percent Transit Reserves Transfer	Rail Extension Reserves Transfer	Regional Measure 2 Operating Transfers(1)	Authority Administrative Costs	Total
2003	$12.28	$1.00	$9.97	-	$1.64	$24.89
2004	12.29	0.99	10.03	-	1.85	25.16
2005	11.91	0.94	9.90	$6.82	3.29	32.86
2006	11.64	0.92	9.41	17.38	8.80(2)	48.15
2007	11.32	0.91	9.10	24.27	5.19	50.79

(1) Regional Measure 2 Operating Transfers are expected to increase in future years as additional eligible operating programs are implemented.
(2) Includes in addition to Authority Administrative Costs that are limited to 1% of the gross annual bridge revenues, direct operating costs of the Authority and MTC for initial RM-2 project management set-up costs.
Source: The Authority.

"AB 664 Net Toll Revenue Reserve Transfer" is the transfer of an amount equal to the funds generated from a 1977 toll increase on the three System Bridges which comprise the Southern Bridge

Group: the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge. The calculation of such amount is equal to 16 percent of the revenue generated each year from the collection of the RM Toll at its level in existence for the 2001-02 fiscal year on the Southern Bridge Group. 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.

"Two Percent Transit Reserves Transfer" is the transfer of up to 2% of the revenue collected on all of the System Bridges from the RM Toll at its level in existence for the 2001-02 Fiscal Year (which was prior to the increase instituted under RM2). The Authority is authorized under law to transfer Two Percent Transit Reserves to MTC on an annual basis. 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 System Bridges. MTC must apply the remaining one-third of the Two Percent Transit Reserves for planning, construction, operation and acquisition of rapid water transit systems. However, federal legal limitations on toll revenue expenditures preclude MTC from making any allocations of toll revenues from System Bridges for transit operating programs. Pursuant to a Cooperative Agreement Regarding Transit Operations, dated April 26, 2000, among the Authority, MTC and Caltrans, Caltrans agreed to provide funding to MTC in an amount equivalent to the portion of the Two Percent Transit Reserves that would otherwise be allocated to rapid water transit operations and MTC agreed to eliminate the use of the Two Percent Transit Reserves for rapid water transit operations.

"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 RM Toll on two-axle vehicles at its $1.00 RM Toll level in existence for the 2001-02 Fiscal Year (which was prior to the increase instituted under RM2). Rail Extension Reserves are transferred by the Authority to MTC on an annual basis for 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 the MTC as Regional Measure 2 Operating Transfers, and that all such transfers must first be authorized by the 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 ("FHWA") 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 FHWA 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 System Bridges (Dumbarton, San Mateo-Hayward, Carquinez and Antioch) that have not received Federal assistance. The Authority expects that tolls from such four System Bridges will be sufficient to make Regional Measure 2 Operating Transfers.

"Authority Administrative Costs" means the amount which the Authority retains on an annual basis, after payment of debt service on Outstanding Bonds and the costs of Operation and Maintenance Expenses for its cost of administration pursuant to Section 30958 of the Act, such amount not to exceed 1% of the gross revenues collected annually from the tolls on the Bridge System. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants of the Authority - Toll Rate Covenants."

Historical Revenue, Expenditures and Debt Service Coverage

The following table sets forth historical revenue, expenditures and debt service coverage with respect to the Bridge System for Fiscal Years ended June 30, 2003 through 2007.

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

Fiscal Year Ended June 30,	**2003**	**2004**	**2005**	**2006**	**2007**
Revenue					
Toll Revenues	$144,200	$145,176	$248,141	$280,277[1]	$422,355
Interest Earnings	25,434	11,007	21,235	44,060	96,415
Other Revenues[2]	2,307	2,400	4,090	9,657	5,989
Total Revenue	$171,941	$158,583	$273,466	$333,994	$524,759
Less: Operations & Maintenance Expenses[3]	$38,694	$47,851	$54,035	$63,364	$76,341
Net Revenue	$133,247	$110,732	$219,431	$270,630	$448,418
Debt Service on Bonds and Parity Obligations	$20,441	$26,663	$35,374	$68,931	$161,144
Debt Service Coverage[4]	6.52x	4.15x	6.20x	3.93x	2.78x
Category A Maintenance Expenditures[5] [6]	$2,271	$2,187	$1,593	$4,425	$2,639
MTC Transfers[6]	$24,892	$25,163	$32,859	$48,152	$50,785

(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 and, in 2006, amounts received from the Golden Gate Bridge for its share of ACS contract expenses. See "Toll Collection" above.

(3) Increases in Operations & Maintenance Expenses in fiscal years ended after June 30, 2003, are attributable in significant part to the development and implementation of a new consolidated ETC service center. See "Toll Collection" above. Increases in fiscal year 2007 include nonrecurring ETC and ORT expenditures.

(4) Equals Net Revenue divided by Debt Service on Bonds and Parity Obligations. See "SUMMARY OF FINANCING PLAN - Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage."

(5) Does not include Category A Maintenance Expenditures with respect to the San Francisco-Oakland Bay Bridge. Prior to fiscal year 2005-06 Category A Maintenance Expenditures were not payable from Bridge Toll Revenues. Beginning in fiscal year 2005-06, Category A Maintenance Expenditures other than with respect to the San Francisco-Oakland Bay Bridge are payable from Bridge Toll Revenues. See "Toll Operations and Maintenance - Category A and Category B Maintenance Expenditures" above.

(6) Category A Maintenance Expenditures and MTC Transfers are subordinate to the Authority's obligations on the Bonds and other Parity Obligations. See "THE BRIDGE SYSTEM — Toll Operations and Maintenance" and "THE BRIDGE SYSTEM — Transfers to MTC and Authority Administrative Costs."

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

Source: The Authority, except information regarding Category A Maintenance Expenditures provided by Caltrans.

CAPITAL PROJECTS AND FUNDING

Regional Measure 1 Projects

In 1988, Bay Area voters approved RM1 and the highway and bridge enhancement projects set forth therein (the "RM1 Projects"). The RM1 Projects have all been completed except (i) the reconfiguration of the existing Benicia-Martinez Bridge, and (ii) the I-880/SR-92 Interchange improvements described below. The following are summary descriptions of all of the RM1 Projects.

New Benicia-Martinez Bridge. RM1 included construction of a new span parallel to the original span of the Benicia-Martinez Bridge. Opened to traffic on August 25, 2007, the new span carries five lanes of northbound Interstate 680 traffic (two more than before) and features a new expanded toll plaza with the Bay Area's first open road tolling (ORT) FasTrak Express Lanes. The new span is a cast-in-place reinforced concrete structure designed to "lifeline" standards and is 8,790 feet long including approaches. The bridge project included the construction of a new expanded toll plaza and major reconstruction and realignment of the Interstate 680/Marina Vista Road and Interstate 680/Interstate 780 interchanges. Under a separate advertised construction contract, the existing older span will be modified over the next year to carry four lanes (one more than existing) of southbound traffic and a pedestrian/bicycle lane.

Carquinez Bridge Replacement. A new western span of the Carquinez Bridge constructed as part of RM1 opened to traffic in November 2003. It is a twin towered, suspension bridge and features three mixed-flow lanes, a carpool lane and a bicycle and pedestrian pathway. The improvements have increased traffic capacity of the bridge. The original 1927 western span of the Carquinez Bridge was determined by Caltrans to be seismically deficient and was replaced with the new western span. Demolition of the original 1927 bridge has been completed.

Interstate 880/State Route 92 Interchange. RM1 also contemplates reconstruction of the Interstate 880/State Route 92 Interchange. The existing interchange will be modified to increase capacity and improve safety and traffic operations. The FHWA released the Final Environmental Impact Statement in December 2003 and issued its Record of Decision for the project in July 2004, later than originally anticipated. The environmental review and the right of way process resulted in extensions to the estimated project milestones and increases in estimated costs. Caltrans advertised the contract on January 8, 2007 and opened bids on June 27, 2007. On August 28, 2007, Caltrans awarded a contract to a joint venture of FCI and Granite Construction for $138.4 million. Caltrans and the Authority expect the project to be completed in 2011. The project will increase traffic capacity on the San Mateo-Hayward Bridge corridor.

Richmond-San Rafael Bridge Deck Resurfacing and Richmond-San Rafael Bridge Trestle, Fender and Deck Joint Rehabilitation. Under RM1 there are two major rehabilitation projects for the Richmond-San Rafael Bridge: (1) replacement of the western approach trestle and ship-collision protection fender system on the bridge and (2) deck joint rehabilitation and resurfacing of the superstructure bridge deck. In 2005, along with seismic retrofit of the bridge, Caltrans completed replacement of the western trestle and fender system and rehabilitation of the bridge deck joints. Under a separate contract in 2006, Caltrans completely resurfaced the entire bridge roadway surface with a polyester concrete overlay.

Richmond Parkway. In May 2001, construction was completed on an eastern approach (the "Richmond Parkway") between the Richmond-San Rafael Bridge and Interstate 80 near Pinole.

San Mateo-Hayward Bridge Widening. As part of RM1, the concrete trestle section of the San Mateo-Hayward Bridge was expanded to three lanes in each direction to match the configuration of the high rise steel section. The project also included the widening of the eastern approach to the bridge from U.S. Interstate 880 and the addition of toll booths and a new pedestrian overcrossing. The western approach to the bridge connects to U.S. Route 101 in San Mateo County and was widened in the early 1990's. The new trestle was fully opened to traffic in 2003.

Bayfront Expressway (SR-84) Widening. In April 2004, construction was completed on a project to widen the Bayfront Expressway (SR-84) from the Dumbarton Bridge to the U.S. 101/Marsh Road interchange.

US-101/University Ave. Interchange Improvement. In January 2004, construction was completed on modifications to the U.S. 101/University Avenue interchange.

Regional Measure 2 Projects

In March 2004 Bay Area voters approved RM2, approving funding of the transit, highway and bridge enhancement and improvement projects specified therein (the "RM2 Projects.") A complete list of all RM2 Projects and the Authority funding authorized therefor is set forth in APPENDIX F – "REGIONAL MEASURE 2 PROJECTS."

MTC may allocate funds to RM2 Projects after submission and review of a project report requesting allocation by the project sponsor. The Authority is the project sponsor for the new span of the Benicia-Martinez Bridge. The remaining RM2 Project sponsors are various other public entities in the Bay Area. Generally RM2 funds only a portion of the total RM2 Project costs. The Authority is under no obligation to provide capital funding to any project beyond the amount expressly provided in the Act.

Summary of RM1 and RM2 Capital Projects

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

SUMMARY OF RM1 PROJECTS AND RM2 PROJECTS
Program Budget and Project Status as of June 30, 2008
($ in millions)

Contract	Status	Current Approved Budget (1)	Forecast Cost at Completion	Expenditures through May 31, 2008	Actual/Forecast Opening Date
New Benicia-Martinez Bridge(2)	New span open and modification of old span underway	$1,272.5	$1,272.5	$1,154.3	August 2007 for new span, December 2009 for old span modification
Carquinez Bridge Replacement(3)	Completed	528.2	519.2	511.6	December 2003
I-880/SR-92 Interchange Improvement(4)	Construction	245.0	245.0	68.5	June 2011
Richmond-San Rafael Bridge Deck Resurfacing	Completed	25.0	25.0	19.6	December 2006
Richmond-San Rafael Bridge Trestle, Fender and Deck Joint Rehabilitation	Completed	102.1	97.1	96.3	August 2005
Richmond Parkway	Completed	5.9	5.9	4.3	May 2001
San Mateo-Hayward Bridge Widening	Completed	217.8	211.9	208.7	February 2003
Bayfront Expressway (SR-84) Widening	Completed	36.1	36.0	33.3	January 2004
US-101/University Ave. Interchange Improvement	Completed	3.8	3.8	3.7	April 2004
RM1 Capital Projects Subtotal(5)		$2,436.4	$2,416.4	$2,100.3	
RM2 Capital Projects Subtotal(6)		$1,465.0(7)	$1,465.0(7)	$252.7	

(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) The project budget for the new Benicia-Martinez Bridge includes $50 million allocated for such project under RM2. The new span was opened to traffic on August 25, 2007. Under a separate advertised construction contract as a part of this project, the existing older bridge will be modified over the next two years to carry four lanes (one more than existing) of southbound Interstate 680 traffic and a pedestrian/bicycle lane.

(3) The replacement Carquinez Bridge was completed and opened to traffic in November, 2003. Project work to demolish the replaced 1927 Carquinez Bridge was completed in December 2007.

(4) The I-880/SR-92 Interchange Reconstruction contract was awarded in August, 2007.

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

(6) A complete list of all RM2 Projects and the Authority funding authorized therefor is set forth in APPENDIX F – "REGIONAL MEASURE 2 PROJECTS." Does not include $50 million allocated for the new Benicia-Martinez Bridge project under RM2.

(7) Under the Act, the Authority is required to fund the enumerated RM2 Projects by issuance of additional 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.

RM1 and RM2 Projects Funding

The costs of RM1 Projects and RM2 Projects are primarily funded by the Authority from Bridge Toll Revenues and the net proceeds of Bonds issued for such purpose. See the table "SUMMARY OF RM1 PROJECTS AND RM2 PROJECTS" above.

Under the Act, the Authority is required to fund the enumerated RM2 Projects by issuance of additional 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 RM2 Projects beyond the amount expressly provided in the Act.

Seismic Retrofit Program Capital Projects

Following the October 17, 1989, Loma Prieta earthquake (the "Loma Prieta Earthquake") which caused sections of the upper deck of the east span of the San Francisco-Oakland Bay Bridge to collapse, Caltrans began research and planning for the seismic retrofitting of certain bridges. The need for seismic retrofitting of certain State owned toll bridges was recognized by the State Legislature and provision was made for funding in Section 188.5 and 188.6 of the California Streets and Highways Code (the "Seismic Retrofit Program").

The Seismic Retrofit Program projects contemplated for the Bridge System include seismic upgrade work on the original Benicia-Martinez Bridge span, the eastern span of the Carquinez Bridge, the San Mateo-Hayward Bridge and the Richmond-San Rafael Bridge, the west span 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. Other Seismic Retrofit Program projects include seismic retrofit upgrade work on the Vincent Thomas Bridge and the San Diego-Coronado Bridge. Seismic Retrofit Program project construction is administered by Caltrans.

All of the Seismic Retrofit Program projects in the original program have been completed except for the west approach and the new east span of the San Francisco-Oakland Bay Bridge.

San Francisco-Oakland Bay Bridge - Western Approach

The Seismic Retrofit Program projects include replacement of the western approach to the west span of the bridge. Replacement of the western approach is approximately 95% complete, as of May 20, 2008, and is scheduled to be completed in January 2009. Traffic was shifted onto the new permanent westbound structure in September 2006. Traffic was shifted to the new permanent eastbound structure in April 2008. All major construction contracts for the western approach have been awarded.

San Francisco-Oakland Bay Bridge - East Span

In June 2000, Caltrans completed an interim seismic retrofit on the east span of the San Francisco-Oakland Bay Bridge to reduce the risk to the public of a moderate level earthquake prior to the construction of a new east span. The interim retrofit contract encompassed the entire existing east span of the San Francisco-Oakland Bay Bridge from Yerba Buena Island to Oakland, including the viaduct connecting the tunnel to the bridge on Yerba Buena Island. This contract added reinforcement to strengthen bridge sections in critical areas, replaced rivets with high strength bolts, and reduced deck drop risk by increasing support widths and adding restraining devices.

The seismic retrofit strategy for the east span of the San Francisco-Oakland Bay Bridge is to replace the existing east span. 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 final environmental impact report for the new east span was certified on July 11, 2001.

Status of Construction Contracts

To date, twelve construction contracts relating to the new east span have been completed, including the 1.1 mile long skyway connecting the self-anchored suspension structure to the Oakland Touchdown and the marine foundations to the self-anchored suspension structure. The remaining construction is substantially attributable to three primary segments of the new east span: the Oakland Touchdown, the self-anchored suspension span ("SAS") and the Yerba Buena Island transition.

Three of such remaining contracts (the Yerba Buena Island ("YBI") detour contract, the SAS superstructure contract, and Oakland Touchdown Phase 1) are currently under construction. The YBI detour contract is for building temporary detour structures on Yerba Buena Island, which would route traffic from the existing east span around the construction area while portions of the existing east span are demolished and the new Yerba Buena Island transition structure is constructed. Changes in design, changes in the contract and changes to the pacing of the work have resulted in increases in the project costs of the YBI detour contract from the approved budget. Additional contract changes are anticipated that will further change the contract costs. Any increases will be covered by the existing program contingency.

In May 2006, the contract to construct the SAS superstructure was awarded to a joint venture of American Bridge Company and Fluor Corporation at an amount of approximately $1.45 billion. The contract is 29% complete as of July 11, 2008 with a current forecast cost of $1.767 billion. Pre-fabrication welding procedures and approval processes have been developed at Zhenhua Port Machinery Company ("ZPMC") of Shanghai, China for fabrication of the SAS superstructure tower and decks. ZPMC has prepared initial test mockups of the bridge sections and began production fabrication in early 2008. The Oakland Touchdown Phase 1 contract will construct the westbound and portions of the eastbound approaches to the skyway structures from Oakland. Caltrans awarded that contract on July 17, 2007 and as of July 11, 2008 the contract was 45% complete.

The remaining contracts for the new east span are in the design phase. These include up to two additional contracts for the Oakland touchdown, up to two contracts for the Yerba Buena Island transition structure and a contract for demolition of the existing east span.

Forecast Cost of Seismic Retrofit

The following table sets forth the status, forecast costs at completion and forecast completion date with respect to the remaining east span contracts and completed east span contracts, estimated right-of-way and environmental mitigation costs and estimated capital outlay support costs for the east span.

SEISMIC RETROFIT PROGRAM
SAN FRANCISCO-OAKLAND BAY BRIDGE
STATUS OF EAST SPAN CONTRACTS AT JUNE 30, 2008

Contract	Status	Current Approved Budget ($ in millions)	Forecast Cost at Completion ($ in millions) (1)	Actual or Forecast Completion Date
Skyway	Completed	$1,254.1	$1,254.1	December 2007
Self Anchored Suspension (SAS) Span Marine Foundations	Completed	280.9	280.9	January 2008
SAS Superstructure(2)	Under Construction	1,753.7	1,767.4	March 2013(3)
Yerba Buena Island (YBI) Detour	Under Construction	442.2	461.2	June 2010
YBI Transition Structures (an aggregate of up to 3 contracts)	In Design	276.1	276.1	November 2014
Oakland Touchdown (OTD) (an aggregate of up to 4 contacts)	Under Construction	283.8	302.5	December 2014
Stormwater Treatment Measures	Completed	18.3	18.3	March 2008
Existing East Span Demolition	In Design	239.2	222.0	September 2015
Completed Contracts	--	90.3	90.3	--
Right-of-Way and Environmental Mitigation	--	72.4	72.4	--
Capital Outlay Support	--	959.3	977.1	--
Other Budgeted Capital	--	31.8	7.7	--
TOTAL		$5,702.1	$5,730.0	

(1) Includes project contingency.
(2) In May, 2006, the contract to construct the SAS superstructure was awarded in the bid amount of approximately $1.45 billion.
(3) In order to hasten the completion date, Caltrans has provided for monetary incentives for completion ahead of schedule.
Note: Totals may not add due to independent rounding of numbers.
Source: Caltrans.

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. 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."

Absent further delays, the new east span is currently scheduled to be open for traffic in the westbound direction in September 2012 and in the eastbound direction in September 2013. Completion of the new east span is scheduled for December 2014. Demolition of the existing east span will follow with completion expected in September 2015. However, no assurance can be given that this schedule will be achieved.

Oversight Committee

Assembly Bill No. 144 ("AB 144") was enacted and became effective on July 18, 2005 (California Statutes of 2005, Chapter 71), amending the Act and sections of the Streets and Highways Code relating to the Seismic Retrofit Program. AB 144 was modified by Senate Bill No. 66 ("SB 66," and together with AB 144, the "2005 Legislation") which became effective on September 29, 2005 (California Statutes of 2005, Chapter 375). The 2005 Legislation established the Toll Bridge Program Oversight Committee (the "Oversight Committee"), which has implemented a project oversight and project control process for the Benicia-Martinez Bridge project and the Seismic Retrofit Program projects. The Oversight Committee consists of the Director of Caltrans, the Executive Director of the California Transportation Commission (the "CTC") 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. However, pursuant to the 2005 Legislation, all contract specifications and bid documents will be 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 monthly reports to the Oversight Committee regarding construction status, actual expenditures, and forecasted costs and schedules for the Benicia-Martinez Bridge project and the Seismic Retrofit Program projects. 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 web site.

Ground Motions and Seismic Design Strategy for the Bridge System

The criteria used to determine post-earthquake performance standards for the Bridge System were specific to each System 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 seismic retrofit 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 of the System Bridges that were evaluated by Caltrans have been designed or 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 of the System Bridges 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 System 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 status for each of the System Bridges that has been retrofitted or is undergoing retrofit work, or that has been or will be constructed under, the Seismic Retrofit Program or RM1. A description of studies undertaken by the Authority and Caltrans with respect to the Antioch Bridge and the Dumbarton Bridge is set forth under the caption " - Antioch Bridge and Dumbarton Bridge" below.

SEISMIC RETROFIT PROGRAM
SYSTEM BRIDGES DESIGN BASIS AND STATUS

Bridge	Seismic Strategy	Status and Retrofit Actual or Projected Completion Date
Benicia – Martinez (existing span)[(1)]	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly	Completed August 2002
Benicia – Martinez (new span)[(2)]	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly	Completed August 2007
Carquinez (existing east span)[(1)]	Intermediate Strategy Moderate to major damage expected	Completed January 2002
Carquinez (new west span)[(2)]	Intermediate Strategy Moderate to major damage expected	Completed November 2003
Richmond – San Rafael[(1)]	"No Collapse" Strategy Avoid catastrophic failure	Completed October 2005
San Francisco – Oakland (east span) [(1)(3)]	Lifeline Structure (new east span) Minor to moderate damage expected, reopen to traffic quickly	Interim Retrofit Completed June 2000 New East Span Under Construction Until 2012 (Westbound traffic open) 2013 (Eastbound traffic open) 2014 (Completion)
San Francisco – Oakland (west span) [(1)]	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly	West Span Completed June 2004 Western Approach Under Construction Until January 2009
San Mateo – Hayward[(1)]	Intermediate Strategy Moderate to major damage expected	Completed June 2000

(1) A Seismic Retrofit Program project.
(2) A RM1 Project.
(3) The interim retrofit of the existing east span of the San Francisco-Oakland Bay Bridge does not result in a seismic performance level at the Lifeline Structure standard.

Source: Caltrans.

Antioch Bridge and Dumbarton Bridge

In late 2004, Caltrans initiated limited vulnerability studies of the Antioch Bridge and the Dumbarton Bridge. These studies were completed in May 2005. Based on the vulnerability studies and a follow up sensitivity analysis, Caltrans and the Authority developed a work plan to refine the seismic analysis and to assess the required performance levels of each structure including new geotechnical analysis. In June 2006, the Authority approved $17.8 million in toll bridge rehabilitation funding to proceed with the comprehensive seismic analysis of the bridges. In September 2006, the Authority entered into a consultant contract to conduct geotechnical and geophysical investigations, which have been on going since December 2006. Based on the analysis, Caltrans has determined that the Dumbarton and Antioch bridges require seismic retrofit.

Caltrans is currently working on preliminary plans and details for aspects of retrofit for each bridge. The retrofit strategy selection for each bridge will take place in the fall of 2008. Once retrofit strategies have been selected, cost estimates for each selected strategy will be developed. It is anticipated that construction could begin as early as 2010 at each bridge.

Seismic retrofit of the Antioch Bridge and the Dumbarton Bridge is not currently included in the Seismic Retrofit Program. However, State law could be modified to include additional seismic retrofit projects, including projects on the Antioch Bridge and the Dumbarton Bridge. Any such legislation could authorize or require the Authority to fund costs of the additional projects, which could be quite substantial, from tolls and raise tolls if necessary to pay such costs. The Authority is authorized by the Act to increase tolls to complete the existing Seismic Retrofit Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS—Toll Setting Authority."

Caltrans' bridge design standards are subject to ongoing review and modification as knowledge about earthquakes increases. Each of the System 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."

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 as of June 30, 2008
($ in millions)

Contract	Status	AB 144/ SB 66 July 2005 Budget	Current Approved Budget	Forecast Cost at Completion	Expenditures through May 31, 2008	Forecast Completion Date
San Francisco-Oakland Bay Bridge–East Span Retrofit and Replacement	Under Construction	$5,486.6	$5,702.1	$5,730.0	$2,970.1	September 2015[1]
San Francisco-Oakland Bay Bridge–West Approach Replacement	Under Construction	429.0	453.7	470.7	387.9	January 2009
San Francisco-Oakland Bay Bridge–West Span Retrofit	Completed	307.9	307.9	307.9	301.1	June 2004
Richmond-San Rafael Bridge Retrofit[2]	Completed	914.0	816.5	816.5	793.3	October 2005
Benicia-Martinez Bridge Retrofit	Completed	177.8	177.8	177.8	177.8	August 2002
Carquinez Bridge Retrofit	Completed	114.2	114.2	114.2	114.2	January 2002
San Mateo-Hayward Bridge Retrofit	Completed	163.5	163.5	163.5	163.4	June 2000
Vincent Thomas Bridge Retrofit	Completed	58.5	58.5	58.5	58.4	May 2000
San Diego-Coronado Bridge Retrofit	Completed	103.5	103.5	103.5	102.6	June 2002
Miscellaneous Program Cost		30.0	30.0	30.0	24.7	
Toll Bridge Seismic Retrofit Program Subtotal[3]		$7,785.0	$7,927.7	$7,972.6	$5,093.5	
Program Contingency		900.0	757.3	712.4		
Total		$8,685.0	$8,685.0	$8,685.0		

(1) The new bridge is forecast to open in the westbound and eastbound directions in September 2012 and September 2013, respectively. Demolition of the existing bridge is forecast to be completed in September 2015.
(2) The Richmond-San Rafael Bridge seismic retrofit was completed in October 2005. A minor public access project to fulfill environmental permit requirements was completed in May 2007.
(3) Subtotals and totals may not add due to independent rounding of numbers.
Source: Caltrans.

The forecasted program contingency of $712.4 million is currently expected to be available for contingencies based on the 2005 Legislation budget and the forecasted completion costs, but is subject to change.

Seismic Retrofit Program Funding Sources

Funding for the Seismic Retrofit Program is provided under the 2005 Legislation, which sets forth funding sources and estimated costs and directs these funds to pay construction and related costs of the Seismic Retrofit Program projects. The 2005 Legislation designates funding sources for the Seismic Retrofit Program totaling $8.685 billion. See the table "Summary of Seismic Retrofit Program Capital Projects" above.

Summary of Funding Sources

The funding sources specified in the 2005 Legislation are (i) toll revenues (and interest earnings thereon), (ii) the proceeds of bonds and other obligations secured by a pledge of toll revenues and (iii) non-toll sources ("Secondary Sources") described below. The amount of funding received to date and anticipated for completion of the Seismic Retrofit Program from toll revenues, obligations secured by toll revenues and interest earnings collectively is approximately $5.260 billion and from Secondary Sources described below is approximately $3.425 billion.

Secondary Sources

Pursuant to the 2005 Legislation, on September 29, 2005, the CTC adopted a schedule for the transfer of state funds to the Authority to reimburse the Authority for expenditures for the Seismic Retrofit Program. The CTC adopted a revised schedule on December 2, 2005, which amended the relative contributions of the Public Transportation Account and the State Highway Account, while keeping the total transfer amounts in any one year the same as the original schedule adopted September 29, 2005, and making a minor accounting adjustment which decreased the amounts still to be transferred by approximately $10 million. The schedule contains the timing and sources of the state contributions, which begin in fiscal year 2005-06 and conclude in fiscal year 2013-14, to provide a timely balance between state sources and the contributions from toll funds. The Secondary Sources are not pledged to the payment of Bonds or Parity Obligations.

The Authority has assigned its rights to payment of the Secondary Sources to the Bay Area Infrastructure Financing Authority, described above under "BAY AREA TOLL AUTHORITY," which issued $972,320,000 of its State Payment Acceleration Notes (the "BAIFA SPANs") in December 2006. The proceeds of the BAIFA SPANs, net of costs of issuance and deposits to reserve and pledged revenue funds, are to be applied to the Seismic Retrofit projects, consisting primarily of the San Francisco Oakland Bay Bridge. The BAIFA SPANs are secured by and payable from the Secondary Sources to be paid by the State of California. The State of California has agreed with the Authority on the timing and amount of the Secondary Source payments, and the Authority has assigned its rights to such payments to the trustee for the BAIFA SPANs. The BAIFA SPANs have no claim on any of the Authority's toll revenues or any other revenues of the Authority other than the Secondary Source payments.

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 System Bridges and their approaches. The Authority has developed a ten-year rehabilitation program through Fiscal Year 2013-14 that funds projects 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 from tolls in the amount of approximately $13.8 million per fiscal year.

SUMMARY OF FINANCING PLAN

Proceeds of Series 2008 F-1 Bonds

$657,100,000 of the Authority's outstanding 2003 Series A and B, 2006 Series A-1, D-2 and E-1, and 2007 Series B-1, D-1, E-1 and E-2 Bonds (the "Refunded Bonds") bear interest at an auction rate or a variable rate and are insured by Ambac Assurance Corporation ("Ambac"). Proceeds of the Series 2008 F-1 Bonds will be used to (i) refund and retire the Refunded Bonds, (ii) make a cash deposit to the Reserve Fund, (iii) pay the costs of issuing the Series 2008 F-1 Bonds and (iv) pay the costs of remarketing $1,733,320,000 aggregate principal amount of the Authority's Variable Rate Demand Bonds (2001 Series A, B and C, 2003 Series C, 2004 Series A, B and C, 2006 Series B-1 and C, and 2007 Series A-1, C-1, G-1, A-2, B-2, C-2, D-2, E-3, G-2 and G-3) that are subject to a mandatory tender in connection with the suspension of the bond insurance policies and a substitution of the liquidity providers relating thereto.

Estimated Sources and Uses of Funds

The following are the estimated sources and uses of funds with respect to the Series 2008 F-1 Bonds:

SOURCES:	
Principal Amount	$707,730,000
Net Original Issue (Discount)	(6,910,988)
TOTAL SOURCES	$700,819,012
USES:	
Redemption Fund[1]	$657,100,000
Reserve Fund	30,518,323
Costs of Issuance[2]	13,200,689
TOTAL USES	$700,819,012

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(1) Proceeds of the Series 2008 F-1 Bonds are being applied to a current refunding of the Refunded Bonds. 2003 Series A and B, 2006 Series A-1, D-2 and E-1 and 2007 Series B-1 will be redeemed on the date of issuance of the Series 2008 F-1 Bonds. 2007 Series D-1, E-1 and E-2 will be redeemed on September 2, 2008. Until such time the proceeds of the Series 2008 F-1 Bonds allocated to such redemption are expected to be invested in the BlackRock Liquidity Funds T-Fund, a fund that invests in U.S. Treasury bills and notes, obligations guaranteed by the U.S. Treasury, and repurchase agreements fully collateralized by such obligations.

(2) Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; underwriters' discount; fees of the trustee; and other miscellaneous expenses. Includes such costs of remarketing certain variable rate demand bonds discussed above.

Other Transactions

The Authority has pursued and may pursue other modifications to its outstanding debt depending on market conditions and the terms, availability and cost of bank liquidity support. On June 5, 2008 the Authority issued its $507,760,000 Series 2008-1 Bonds to refund the Authority's $500,000,000 of Bonds insured by XL Capital Corporation. In addition, the Authority's Board of Commissioners has approved replacing some or all of the Authority's Standby Bond Purchase Agreements that currently provide liquidity support for $1,733,320,000 in outstanding variable rate demand bonds as part of an effort to suspend or terminate the Ambac bond insurance policies that currently insure such Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS — Standby Bond Purchase Agreements." There can be no assurance that this or any similar transaction will be consummated.

Anticipated Issuances of Additional Bonds

The Authority anticipates issuing additional Bonds and Parity Obligations, in addition to the Series 2008 F-1 Bonds offered hereby, to fund capital projects under its current capital project programs at the times and in the approximate principal amounts set forth in the following table.

ANTICIPATED ISSUANCES OF ADDITIONAL BONDS AND PARITY OBLIGATIONS
($ in millions)

Fiscal Year ending June 30,	Approximate Principal Amount[1]
2011	750[2]
2012	555
thereafter	1,380

(1) The net proceeds of the borrowings indicated in the table are expected to be used for capital projects.
(2) The Authority has authorized, but not executed, forward-starting interest rate swaps with an aggregate notional amount not to exceed $1.0 billion and an interest rate not to exceed 4.00% per annum.
Source: The Authority.

The principal amount of additional Bonds or Parity Obligations to be subsequently 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 RM1, RM2 and Seismic Retrofit Program (which is subject to modification by the California Legislature) and the resources then available. The issuance of additional Bonds and Parity Obligations is subject to the requirements of the Indenture, but the Act does not limit the principal amount of Bonds or Parity Obligations that may be issued.

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 Fiscal Years ending June 30, 2008 through 2011.

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 does not intend 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 prepared in accordance with accounting principles generally accepted in the United States of America, on a basis that is consistent with the accounting principles used in the historical financial statements.

The prospective financial information included in this Official Statement 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 this Official 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)

	2007-08	2008-09	2009-10	2010-11
Bridge Toll Revenues[2]	$494,048	$495,683	$497,327	$498,979
Interest Earnings[3]	99,168	66,867	49,963	50,100
Less: Operations & Maintenance Expenses[4]	58,085	55,458	56,091	58,774
NET REVENUE	$535,131	$507,093	$491,199	$490,305
Debt Service on Bonds and Parity Obligations[5]	$234,347	$233,046	$230,574	$244,751
Debt Service Coverage[6]	2.28	2.18	2.13	2.00

(1) Assumes the current schedule for construction of capital projects and issuance of anticipated additional bonds, and makes assumptions regarding MTC Transfers.
(2) No additional toll increases are assumed. The projected Bridge Toll Revenues assume that toll paying traffic using the System Bridges will increase by 0.5% each fiscal year on all bridges except the San Francisco-Oakland Bay Bridge. Includes violation revenues and electronic tolling reimbursement from Golden Gate Bridge. See "THE BRIDGE SYSTEM — Toll Collection" and "— Motor Vehicle Traffic."
(3) Assumes average interest earnings of 4.01% in fiscal year 2007-08, 3.32% in fiscal year 2008-09, 4.09% in fiscal year 2009-10 and 4.79% in fiscal year 2010-11.
(4) Assumes annual increases in recurring expenses of 3.0%. Excludes Category A Maintenance Expenditures and MTC Transfers because such items are subordinate to the Authority's obligations on the Bonds and other Parity Obligations. See "THE BRIDGE SYSTEM — Toll Operations and Maintenance" and "THE BRIDGE SYSTEM — Transfers to MTC and Authority Administrative Costs."
(5) Reflects the actual interest rates for fixed rate Bonds issued prior to the Series 2008 F-1 Bonds, assumes an interest rate per annum equal to the fixed rate payable under related interest rate swap arrangements for variable rate Bonds issued prior to the Series 2008 F-1 Bonds. Assumes an average interest rate of 5.00% per annum for the Series 2008 F-1 Bonds. Assumes the issuance of additional Bonds as described under the caption "-Anticipated Issuances of Additional Bonds" above, with an assumed 4.00% per annum for additional Bonds expected to be issued in fiscal year 2010-11. Floating rate received by the Authority under Qualified Swap Agreements is assumed to be 0.83% less than the interest cost on the related variable rate Bonds in fiscal year 2007-2008, 0.55% less than the interest cost on the related variable rate Bonds in fiscal year 2008-2009 and 0.12% less than the interest cost on the related variable rate Bonds in fiscal years 2009-2010 and 2010-2011. See APPENDIX G - "PARITY BONDS AND PARITY OBLIGATIONS." The Authority expects debt service to increase after fiscal year 2010-11.
(6) Equals Net Revenue divided by Debt Service on Bonds and Parity Obligations.
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, swap revenues and operations and maintenance expenses could also differ from the forecast.

The debt service coverage ratios set forth in the foregoing table exceed the ratios required under the Indenture. The Authority is only required to satisfy the toll rate covenants set forth in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS – Toll Rate Covenants" and "– Additional Bonds and Parity Obligations."

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 the Trustee under the Indenture are invested in Permitted Investments (as defined in Appendix B) by the Trustee 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.

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, the values of the various investments in the portfolio could vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Authority by a third party. Accordingly, if these securities had been sold on May 31, 2008, the portfolio might not have received the values specified. In addition, funds and accounts held under the Indenture must be invested in specified permitted investments that include investment agreements and other investments not described above. See APPENDIX B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions – Permitted Investments."

As of May 31, 2008, the average maturity of the investment portfolio was 40 days, with an average yield of approximately 2.29%.

INVESTMENT PORTFOLIO INFORMATION[*]
as of May 31, 2008 (Unaudited)

Investments	Percent of Portfolio	Par Value	Market Value
Cash	5.1%	$ 159,627,011	$ 159,627,011
Government Sponsored Enterprises[**]	76.5	2,394,100,000	2,391,219,855
Municipal Bonds[***]	9.3	290,000,000	291,147,643
Certificates of Deposit	0.5	15,000,000	15,000,000
Commercial Paper	0.0	–	–
Corporate Note	0.5	15,000,000	15,000,000
Mutual Funds	8.1	254,146,030	254,146,030
State LAIF Pool	0.0	1,467,880	1,467,880
County of Alameda Pool	0.0%	375,849	375,849
TOTAL SECURITIES	100%	$3,129,716,769	$3,127,984,268

[*] The investment portfolio includes other funds of MTC. However, substantially all of the funds in the investment portfolio belong to the Authority.
[**] Federal Home Loan Mortgage Corp., Federal Home Loan Banks and Tennessee Valley Authority.
[***] Consisting of Authority Bonds of previous series. Such Authority Bonds have subsequently been refunded.
Source: MTC Monthly Investment Report.

RISK FACTORS

The primary source of payment for the Series 2008 F-1 Bonds is 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 in the table entitled "PROJECTED REVENUE, OPERATIONS & MAINTENANCE EXPENSES AND DEBT SERVICE COVERAGE" under the caption "SUMMARY OF FINANCING PLAN – Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage" 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 System 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 San Francisco 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. Caltrans made prompt repairs to the San Francisco-Oakland Bay Bridge, which was reopened to traffic within one month.

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 System Bridges due to seismic activity by enhancing the structural integrity of the System 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 on the San Francisco-Oakland Bay Bridge until 2013. See “CAPITAL PROJECTS AND FUNDING – Seismic Retrofit Program Capital Projects.” Furthermore, the completion of the Seismic Retrofit Program will not insure that one or more of the System 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—Ground Motions and Seismic Design Strategy 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 Series 2008 F-1 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 System Bridges could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the System Bridges. The Authority cannot predict the likelihood of a terrorist attack on any of the System Bridges or the extent of damage or vehicle traffic disruption that might result from an attack. The System 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 System 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. The current balance is $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 System 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 System 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 and traffic using the Bridge System. 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.

Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue

Since 2004, toll rates for two-axle vehicles have increased from $2.00 to $4.00. 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, including additional seismic retrofit work on the Antioch and Dumbarton Bridges, could result in further rate increases. Such increases in the toll rates could have an adverse impact upon the level of traffic on the Bridge System and the level of Bridge Toll Revenues collected. The added cost burden of toll increases may result in greater carpooling or use of mass transit, more reliance on telecommuting in lieu of commuting to work, relocation of businesses to suburban locations and similar activities, that result in lower traffic levels. Lower traffic levels could result in lower total revenues, even though toll rates might increase. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS — Authority for Issuance," "— Toll Setting Authority," and "CAPITAL PROJECTS AND FUNDING - Seismic Retrofit Program Funding Sources."

Construction Delays and Cost Escalation

The Authority does not believe any decline in Bridge Toll Revenues would result solely from delays in or cancellation of any Seismic Retrofit Program or RM1 project. Delays in construction or additional cost may, however, impact the level of Bridge Toll Revenues if they are combined with, for example, reduced traffic due to increased tolls or longer periods of increased vulnerability to seismic events due to longer construction periods.

Delays in completion of RM1 or 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, increased costs may also be caused by uncontrollable circumstances, acts of God, unforeseen geotechnical conditions, the presence of hazardous materials or endangered species on or near the System 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 and the bidding process. 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 – San Francisco-Oakland Bay Bridge–East Span."

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.

The original budget estimates for the Seismic Retrofit Program were established by Chapter 327, Statutes of 1997 (Senate Bill 60). The estimated cost for the Seismic Retrofit Program projects was, at the time, set at $2.620 billion. Since then, subsequent legislation has provided for increases in such estimated costs to the $8.685 billion estimate in the 2005 Legislation.

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 Series 2008 F-1 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 the Series 2008 F-1 Bonds as and when due, as a result of the exercise of the initiative power under Proposition 218.

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 issuance, sale or delivery of the Series 2008 F-1 Bonds, the application of the proceeds thereof in accordance with the Indenture, the collection or application of the Bridge Toll Revenues, or the statutory lien thereon, in any way contesting or affecting the validity or enforceability of the Series 2008 F-1 Bonds, the Indenture, in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority with respect to the Series 2008 F-1 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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), 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 the Series 2008 F-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2008 F-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2008 F-1 Bonds is less than the amount to be paid at maturity of such Series 2008 F-1 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2008 F-1 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2008 F-1 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2008 F-1 Bonds is the first price at which a substantial amount of such maturity of the Series 2008 F-1 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2008 F-1 Bonds accrues daily over the term to maturity of such Series 2008 F-1 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2008 F-1 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2008 F-1 Bonds. Owners of the Series 2008 F-1 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2008 F-1 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2008 F-1 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2008 F-1 Bonds is sold to the public.

Series 2008 F-1 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 Series 2008 F-1 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2008 F-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2008 F-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2008 F-1 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. 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 Series 2008 F-1 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2008 F-1 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2008 F-1 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 Series 2008 F-1 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 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 Bonds. Prospective purchasers of the 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 opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2008 F-1 Bonds for federal income tax purposes. It is 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2008 F-1 Bonds and certain other 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 D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Underwriters by their counsel, Nixon Peabody LLP.

RATINGS

Series 2008 F-1 Bonds

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned ratings to the Series 2008 F-1 Bonds 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 Series 2008 F-1 Bonds.

UNDERWRITING

The Authority expects to enter into a Purchase Contract (the "Purchase Contract") with respect to the Series 2008 F-1 Bonds with Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of themselves and as the representatives of J.P. Morgan Securities Inc., Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Stone & Youngberg LLC, Banc of America Securities LLC, E. J. De La Rosa & Co., Inc., Goldman, Sachs & Co. and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters") pursuant to which the Underwriters will agree, subject to conditions, to purchase the Series 2008 F-1 Bonds for reoffering, at a purchase price of $694,057,021.77, which represents the aggregate principal amount of the Series 2008 F-1 Bonds plus original issue premium, less original issue discount and less an underwriters' discount of $6,761,990.18.

The Underwriters will purchase all of the Series 2008 F-1 Bonds if any are purchased. The Underwriters will agree to make a public offering of the Series 2008 F-1 Bonds at the prices or yields shown in the SUMMARY OF OFFERING on the inside cover hereof.

Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Stone & Youngberg LLC are broker-dealers or remarketing agents for the Refunded Bonds and may hold Refunded Bonds in their inventory at the time such Refunded Bonds are redeemed.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management Inc., San Francisco, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2008 F-1 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 Official Statement.

RELATIONSHIP OF CERTAIN PARTIES

J.P.Morgan Chase Bank, National Association is a party to all of the Standby Bond Purchase Agreements and has entered into Qualified Swap Agreements with the Authority. J.P. Morgan Securities Inc. is an underwriter with respect to Series 2008 F-1 Bonds. J.P. Morgan Securities Inc. and J.P.Morgan Chase Bank, National Association are affiliated and are subsidiaries of J.P.Morgan Chase & Co. Citibank, N.A. is a party to all but one of the Standby Bond Purchase Agreements and has entered into Qualified Swap Agreements with the Authority. Citigroup Global Markets Inc. is an underwriter with respect to Series 2008 F-1 Bonds. Citigroup Global Markets Inc. and Citibank, N.A. are affiliated and are subsidiaries of Citigroup Inc. Morgan Stanley Capital Services Inc. has entered into a Qualified Swap Agreement with the Authority. Morgan Stanley & Co. Incorporated is an underwriter with respect to Series 2008 F-1 Bonds. Morgan Stanley Capital Services Inc. and Morgan Stanley & Co. Incorporated are affiliated and are subsidiaries of Morgan Stanley.

RM1, RM2 and the Seismic Retrofit Program and related activities, including the sale of the Series 2008 F-1 Bonds, have been made possible, in part, by hiring underwriters, remarketing agents, broker-dealers, bond insurers, reserve surety providers, liquidity providers 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 the Authority.

FINANCIAL STATEMENTS

Audited financial information relating to the Authority is included in the MTC's Financial Statements For Years Ended June 30, 2007 and 2006. MTC's Financial Statements For Years Ended June 30, 2007 and 2006 are included as part of Appendix A. MTC does not prepare separate financial statements for the Authority. The Authority represents that there has been no material adverse change in its financial position since June 30, 2007.

INDEPENDENT ACCOUNTANTS

The financial statements of MTC as of June 30, 2007 and 2006 and for each of the two years in the period ended June 30, 2007, included in Appendix A in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in Appendix A.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the Owners and Beneficial Owners of the Series 2008 F-1 Bonds to cause to be provided annual reports to each nationally recognized municipal securities information repository or the Municipal Securities Rulemaking Board and any public or private repository or entity designated by the State as a state repository (each a "Repository") 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 to each Repository not later than nine (9) months after the end of the Authority's fiscal year (presently June 30), commencing with the report for fiscal year ending June 30, 2008.

The Authority has also covenanted to provide, or cause to be provided, to each Repository in a timely manner notice of the following "Listed Events" if determined by the Authority to be material: (1) principal and interest payment delinquencies, (2) non-payment related defaults, (3) unscheduled draws on the debt service reserves reflecting financial difficulties, (4) unscheduled draws on credit enhancements reflecting financial difficulties, (5) substitution of credit or liquidity providers, or their failure to perform, (6) adverse tax opinions or events adversely affecting the tax-exempt status of any Bonds, (7) modifications to rights of Owners of any Bonds, (8) optional, contingent or unscheduled bond calls, (9) defeasances, (10) release, substitution or sale of property securing repayment of any Bonds and (11) rating changes. The Authority has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events. See APPENDIX E — "FORM OF CONTINUING DISCLOSURE AGREEMENT."

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and holders of any of the Series 2008 F-1 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 Official Statement involving matters of opinion are intended as such and not as representations of fact.

The execution and delivery of this Official Statement 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 A

METROPOLITAN TRANSPORTATION COMMISSION
FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2007 AND 2006

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METROPOLITAN
TRANSPORTATION
COMMISSION

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2007

State of California

Prepared by MTC Finance Section

Metropolitan Transportation Commission
Table of Contents
June 30, 2007 and 2006

METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
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October 3, 2007

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), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2007. 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 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, 2007. All disclosures reasonably necessary to enable an understanding of the government's financial activities have been included.

The goal of the independent audit is to provide reasonable assurance that the financial statements presented here for the fiscal year ended June 30, 2007, 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. PricewaterhouseCoopers LLP, Independent Auditors, have issued an unqualified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2007. 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, 2007 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, 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.

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.

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, 2006. This was the fourth 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 service of the finance staff. I thank the MTC finance staff for the hard work in producing this report in an accurate and timely manner.

Sincerely,

Brian Mayhew
Chief Financial Officer

METROPOLITAN
TRANSPORTATION
COMMISSION

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STAFFING ORGANIZATION

May 2007

COMMISSION
Bill Dodd
Chair

EXECUTIVE OFFICE (7)
Steve Heminger
Executive Director

Rosy Leyva
Commission Secretary

Maria Leon
Exec Assistant

Kimberly Hughes
Exec Assistant

OFFICE OF CHIEF FINANCIAL OFFICER (32)
Brian Mayhew
CFO

Debbie Surya-Atmaja
Suzanne Bode
Vince Cábrieto
Sonia Elsonbaty
Abbey Haile
Leslie Kraitchman
Betty Lam
Susana Lau
Alan Lee
Jennifer Lee
Suk Li
Jeannie Lim
Jessica Lin
Lilia Lobetos
Doris Louie
Gary Louie
Nancy Louie
Mabel Melkonians
Linda McClain
Carolyn McKenzie
Rowena Pagtakhan
Renato Reyna
Eva Sun
Lourdes Tang
Carol Weismiller
Susan Woo
Kenneth Wong
Peter Wong

Vacant - Toll Auditor
Vacant - Jr Financial Analyst
Vacant - Accountant I

DEPUTY EXECUTIVE DIRECTOR, POLICY
Therese McMillan

JOINT POLICY COMMITTEE
Ted Droettboom

PLANNING (18)
Doug Kimsey
Director

Harold Brazil
Sean Co
Carolyn Clevenger
James Corless
Benjamin Espinosa
Shimon Israel
Douglas Johnson
Raymond Kan
Lisa Klein
Valerie Knepper
Therese Knudsen
Ashley Nguyen
Chuck Purvis
Janice Richards
Rupinder Singh
Kearey Smith
Garlynn Woodsong

PROGRAMMING AND ALLOCATIONS (19)
Alix Bockelman
Director

Bob Bates
Theresa Bell
Melanie Choy
Kenneth Folan
Craig Goldblatt
Kenneth Kao
Ross McKeown
Anne Richman
Raymond Odunlami
Vince Petrites
Theresa Romell
Sri Srinivasan*
Sui Tan
Glen Tepke
Christina Verdin

Vacant - Planner Analyst
Vacant - Plng Technician
Vacant - Plng Technician*

LEGISLATION AND PUBLIC AFFAIRS (17)
Randy Rentschler
Director

Catalina Alvarado
Peter Beeler
Ying Cai
David Cooper
Joe Curley
John Goodwin
Ellen Griffin
Pam Grove
Brenda Kahn
Rebecca Long
Jessica Moran
Michele Stone
Julie Tunnell
Ursula Vogler
Linda Walls

Vacant - PI Technician

DEPUTY EXECUTIVE DIRECTOR, BAY AREA TOLL AUTHORITY
Andrew Fremier

BRIDGE OVERSIGHT AND OPERATIONS (8)
Rod McMillan
Director

Stephen Baker
Jeff Gerbracht
Linda Lee
Peter Lee
Stephen Wolf
Beth Zelinski
Jason Weinstein

DEPUTY EXECUTIVE DIRECTOR, OPERATIONS
Ann Flemer

HIGHWAY AND ARTERIAL OPERATIONS (16)
Albert Yee
Director

Christina Atienza
Nancy Charles
Jeff Georgevich
Shruti Hari *
Michael Kerns
Joy Lee
Sze Lei Leong
Jaime Maldonado
Nancy Okasaki
Stefanie Pow *
Danielle Stanislaus
Radiah Taylor
John Urban *
Tom Wells

Vacant - Sr Program Coord.

ADMINISTRATIVE AND TECHNOLOGY SERVICES (27)
Teri Green
Director

Jason Agbunag
John Albrecht
Kay Bell
Tim Boyce
Tom Bryan
Valerie Campbell
Betty Cecchini
Virginia Dixon
Ty Gall
Frank Harris
Robert Hoffman
Raymond Jocson
Paula Johnson
Yong Lee
Ann Macaulay
Joel Markowitz
Irving Maxwell
Ethan Michaels
Celeste Ramos
Denise Rodrigues
Valerie Stark
Michelle Tan
Michele Trahan
Lois Tucker
Norma White

Vacant - Sr IT Sys. Analyst

TRAVELER COORDINATION AND INFORMATION (21)
Melanie Crotty
Director

Nisar Ahmed
Jacob Avidon
Janet Banner *
Shauna Callow
David Dick
Brian Gebhardt *
Nathan Gilbertson
Pierce Gould
Susan Heinrich-Beaty
Kelley Jackson*
Carol Kuester
Mike Lee *
Jim Macrae
Ben McKeever
Vanessa Mongeon
Debbie Scarborough
Thomas Spiekerman
James Stagi
Emily Van Wagner

Vacant - Translink Program Coord.

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:
160 Regular full-time positions
9 Project-based positions*
169 Total Positions
1 Advises Commission Directly
updated 5-8-07

Steve Heminger
Executive Director

METROPOLITAN TRANSPORTATION COMMISSION

COMMISSIONERS

Bill Dodd, Chair	Napa County and Cities
Scott Haggerty, Vice Chair	Alameda County
Tom Ammiano	City and County of San Francisco
Tom Azumbrado	US Department of Housing and Urban Development
Tom Bates	Cities of Alameda County
Bob Blanchard	Sonoma County and Cities
Dean Chu	Cities of Santa Clara County
Dave Cortese	Association of Bay Area Governments
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
Adrienne J. Tissier	San Mateo County
Amy Worth	Cities of Contra Costa County
Ken Yeager	Santa Clara County

APPOINTED OFFICIALS

Steve Heminger	Executive Director
Francis Chin	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, 2006

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

President

Executive Director

PRICEWATERHOUSECOOPERS

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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, 2007 and 2006, 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 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.

As described in Note 1C, during the year ending June 30, 2007 MTC adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and the provisions for GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.*

The accompanying management's discussion and analysis appearing on pages 2 through 15 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 77 through 80 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 82 through 101 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 letters, charts, schedules and other information identified in the table of contents under *Introductory Section* and *Statistical Section* and appearing on pages i through vii and pages 103-118 of this report, respectively, 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 1, 2007

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), and its blended and discretely component units for the years ended June 30, 2007 and 2006.

Fiscal year 2007 was a busy year for MTC. A number of programs were started which should bear fruit next fiscal year. MTC's general fund recorded a healthy operating surplus, and the MTC Service Authority for Freeways and Expressways (SAFE) and the Bay Area Toll Authority (BATA) also showed operating surpluses as well. The Bay Area economy improved with the region's sales tax revenue showing a small increase from the previous year.

Following are some highlights of fiscal year 2007:

- MTC released its draft long-range transportation plan update, known as the Transportation 2030 Plan, concluding an eighteen-month public outreach and plan development period.
- The 511 program supported the MacArthur Maze emergency response.
- Work is on schedule for the opening of the new Benicia-Martinez Bridge slated for late summer 2007.
- MTC has been talking to its transit partners on implementation of Propositions 1A and 1B.
- Sales tax revenue from the Transportation Development Act increased in the combined nine Bay Area counties by a modest 2.6 percent as compared to 8.3 percent in fiscal 2006.
- The TransLink program performed a rollout for two operators on a soft launch – AC Transit and the Golden Gate Bridge Highway and Transportation District. An all-out marketing campaign will begin later this year.
- The FasTrak® Stategic Plan was adopted in June 2006 and current tasks include marketing FasTrak®, adding more FasTrak® only lanes, and lengthening the approaches to these lanes.
- The number of vehicles using FasTrak® toll tags comprised 42.2 percent of all paid vehicles in fiscal 2007 compared to 36.3 percent in fiscal 2006. A marketing program including toll tags sold in stores and a one-month discount given to FasTrak® users when the bridge toll increased to $4 in January 2007 were the main reasons for the increase.
- Major work was done to convert call boxes from analog to digital format and to a touch-tone text pad.

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

A. Financial Highlights

Overall, net assets continued to decrease in each of the last two years, with a $265,182 decrease for 2007 and a $922,003 decrease for 2006. The fiscal 2007 decreases are primarily the result of planned project drawdowns in the BATA Seismic Retrofit and Regional Measure 1 (RM 1) programs. The decreases in 2006 also reflect project drawdowns in the Regional Measure 1 (RM 1) program and the effects of BATA issuing bonds to allow the California Infrastructure and Economic Development Bank (Ibank) to defease the bonds issued by Caltrans. This transaction is further described as an extraordinary item in Note 12 of the Financial Statements. The net assets decrease is a result of BATA financing the improvements with Caltrans owning the bridges. This decrease in net assets will continue into the future.

Net assets in the governmental funds increased $119,540 or 68.7 percent for 2007 compared to a $13,617 or 8.5 percent increase for 2006, as reported under the accrual basis of accounting. Net assets in the governmental funds increased by $128,104 or 112.9 percent for the year ended June 30, 2007, compared to a $13,297 gain or 13.3 percent increase for the year ended June 30, 2006, as reported under the modified accrual basis of accounting.

At June 30, 2007 fiscal year, the general fund's unreserved fund balances were $12,870 or 18.3 percent of total general fund expenditures. The general fund unreserved fund balances at June 30, 2006 fiscal year were $8,832 or 15.2 percent of the total general fund expenditures. The unreserved general fund balance increased by $4,038 or 45.7 percent in fiscal 2007 mainly due to an operating surplus of $2,801.

B. Overview of Government-Wide Financial Statements

The government-wide financial statements provide an overview of MTC and its blended and discretely presented component units. Bay Area Infrastructure Financing Authority (BAIFA), a discretely presented component unit, is presented in a separate column after the Total column in the government-wide Statement of Net Assets. 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 2007 fiscal year. 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 2007 and 2006 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.

The government-wide financial statements distinguish business-type activities, which recover a significant portion of costs from user fees or charges, from governmental activities that are principally supported by grants, contributions, taxes and intergovernmental sources.

MTC is composed of governmental and business-type funds and one discretely presented component unit. The governmental funds are comprised of the general fund, the special revenue funds and the capital funds. The business or proprietary funds are BATA, MTC SAFE, and BAIFA. BATA and MTC SAFE are blended component units whose transactions are presented as if they were business-type funds. BAIFA is a discretely presented component unit on the government-wide financial statements. These funds are further described on Note 1A to the Financial Statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 16-19 of this report with the accompanying footnotes being presented on pages 34-74.

C. Overview of the Fund Financial Statements

i.) Governmental Funds

Governmental funds are used to account for the MTC activities supported by grants, contributions, sales taxes, and intergovernmental revenue sources. These funds 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 nonmajor special revenue funds and a capital projects fund. These funds are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund and two of these special revenue funds are considered to be major funds. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 20-23 of this report. A schedule detailing the nonmajor special revenue funds are included on pages 81-82 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for the governmental funds and these are presented on pages 76-78 (major funds) and 83-87 (nonmajor funds) of this report.

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. 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 the RM 1 and RM 2 capital improvement programs approved by the voters in 1988 and 2004, respectively. AB 144 was passed on July 2005. As a result of the bill's passage, BATA received more oversight responsibilities over the seismic retrofit program. See Note 12 on page 74 for further information on the impact of AB 144. 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 are 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 projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and 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, beginning on page 34, 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 2007 by $1,356,625 while total government-wide liabilities exceeded assets by $1,091,443 for fiscal 2006 as illustrated in the following table. This represents a decrease in net assets for fiscal 2007 of $265,182 and a decrease of $922,003 for fiscal 2006.

i.) Statement of Net Assets

The following table shows a portion of the MTC's government-wide statements of net assets for the last 3 years:

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

	Governmental Activities			Business-Type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Cash and investments	$ 212,094	$ 125,529	$ 99,547	$ 2,701,811	$ 1,916,801	$ 738,684	$ 2,913,905	$ 2,042,330	$ 838,231
Receivables	81,949	19,160	20,720	28,178	62,112	13,014	110,127	81,272	33,734
Other assets	759	614	505	48,001	34,194	12,377	48,760	34,808	12,882
Loan to other agency	47,000	57,000	56,090	-	-	-	47,000	57,000	56,090
Capital assets	6,133	5,827	6,051	5,596	5,394	4,750	11,729	11,221	10,801
Total assets	347,935	208,130	182,913	2,783,586	2,018,501	768,825	3,131,521	2,226,631	951,738
Long term debt, net	-	-	-	4,132,106	3,116,841	995,292	4,132,106	3,116,841	995,292
Other liabilities	54,481	34,216	22,616	301,558	167,017	103,270	356,039	201,233	125,886
Total liabilities	54,481	34,216	22,616	4,433,664	3,283,858	1,098,562	4,488,145	3,318,074	1,121,178
Net assets:									
Invested in capital assets, net of related debt	6,015	5,827	6,051	5,596	5,539	4,895	11,611	11,366	10,946
Restricted	157,234	117,117	104,451	691,735	643,444	257,670	848,969	760,561	362,121
Unrestricted	130,205	50,970	49,795	(2,347,410)	(1,914,340)	(592,302)	(2,217,205)	(1,863,370)	(542,507)
Total net assets / (deficit)	$ 293,454	$ 173,914	$ 160,297	$ (1,650,079)	$ (1,265,357)	$ (329,737)	$ (1,356,625)	$ (1,091,443)	$ (169,440)

Government-wide cash and investments increased from $2,042,330 to $2,913,905 in the current year due mainly to the bond proceeds from the 2007 bonds issuance of $810,950 and the scheduled payment of state funds of $273,000 for the Seismic Retrofit program. For the fiscal year ended June 30, 2006, the government-wide cash and investment balances rose from $838,231 to $2,042,330. The increase is primarily due to the bond proceeds received by BATA.

Under the business-type activities, BATA's net long-term debt excluding the non-current liabilities for unearned revenue, rebate arbitrage liability and a payable due to the Bay Area Infrastructure Financing Authority (described in the following paragraph) increased $725,164 or 23.3 percent in 2007 and $2,119,416 or 212.9 percent in fiscal year 2006. The net long-term debt increase is due mainly to the issuance of the 2007 Series A-G bonds of $810,950 in May 2007, less principal payments and the application of a portion of 2007 Series F bond proceeds for the defeasance of $61,415 of the 2001 Series D Bonds. The long-term debt increase in fiscal year 2006 is the result of the issuance of the 2006 Series A-E Bonds in February 2006 and the 2006 Series F Bonds in April 2006. The debt is further described in Note 5 and Schedules 14-17 in the financial statements.

In fiscal year 2007, BATA entered into contribution agreement with the Bay Area Infrastructure Financing Authority (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. For fiscal year 2007, BATA has a net payable to BAIFA of $389,367. Of the total liability to BAIFA, $99,979 is current and $289,388 is non-current. The transactions are accounted for under Governmental Accounting Standards Board Statement Number 48 on "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues."

Under the business-type activities, other liabilities for fiscal 2007 increased by $138,439 or 82.9 percent over fiscal year 2006 due to several items. In fiscal year 2006, other liabilities increased $63,747 or 61.7 percent from the previous fiscal year. During 2007, the current portion of the payable to BAIFA resulted in $99,979 of added liability to be repaid with the upcoming year's scheduled payment of pledged revenue to BAIFA. The payable due to Caltrans decreased by $32,814 in 2007 and increased $11,023 in 2006 due to the timing of the payments. Combined accounts payable and accrued expenses increased $54,631 in 2007 and $19,596 in 2006, mainly from RM 2 claimants for capital projects and interest payable. Unearned revenues from patrons of the FasTrak® program increased by $2,508 in fiscal year 2007 and $8,867 in 2006. The current portion of long-term debt payable increased by $12,915, as additional bonds became mature in 2007, and by $23,920 in 2006. Accrued interest payable increased $10,055 over fiscal year 2006 from additional bond interest expense incurred.

Net assets for business-type activities decreased $384,722 in 2007 and $935,620 for fiscal 2006. The net assets decrease in fiscal year 2007 is mainly from the Seismic Retrofit and RM 1 program drawdowns, while the decrease in 2006 is mainly due to the distribution of $1,119,563 held in an escrow account on behalf of Caltrans for the defeasance of its seismic dollar-backed bonds and drawdowns for the RM 1 program. During fiscal year 2006, Caltrans remitted $462,951 in contributions to BATA from its Toll Bridge Seismic Retrofit Fund, as stipulated in AB 144. Caltrans also identified an additional $36,452 as a payable to BATA for contributions in fiscal 2006.

The restricted net assets of business-type activities decreased in fiscal 2007 by $48,291 or 7.5 percent compared to an increase of $385,774 or 149.7 percent for fiscal 2006. In 2006, restricted net assets of business-type activities increased, mainly due to the contributions from Caltrans in the Seismic Retrofit reserve of $378,168. The monies are designated for the seismic retrofit of the Bay Area state-owned toll bridges. The total business-type unrestricted net assets decreased by $433,070 in fiscal 2007 and by $1,322,038 for 2006. These decreases are again due to the BATA Seismic Retrofit and RM 1 program drawdowns and 2006 had the additional payment to an escrow account for the defeasance of the bonds held by Caltrans.

BATA is the financing arm for the Regional Measures 1, 2, and Seismic retrofit programs. The remaining debt as of June 30, 2007, is $3,882,492. The cash proceeds from these debts are used to reimburse Caltrans for capital construction costs and for the defeasance of the Caltrans bonds held by the Ibank. Since the bridges are not capitalized under BATA, title remains with Caltrans, so the combination of distributions to Caltrans and increased debt to pay for project expenditures create a negative asset. Future toll revenues are pledged to cover debt service payments. BATA owns the toll revenue stream and the debt. Caltrans owns the bridges and is doing the capital construction work, which is reimbursed by BATA. This information is more fully described in Note 2 of this report.

ii) Statement of Activities

MTC's net assets for governmental activities increased by $119,540 or 68.7 percent for fiscal 2007 and an increase of $13,617 or 8.5 percent for fiscal 2006. The business-type activities decreased by $384,722 or 30.4 percent for fiscal year 2007 and decreased by $935,620 or 283.7 percent in 2006. 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		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Revenues:									
Program revenues:									
Charges for services	$ -	$ -	$ -	$ 434,341	$ 293,000	$ 256,466	$ 434,341	$ 293,000	$ 256,466
Operating grants and contributions	320,311	57,641	50,165	283,082	8,868	8,129	603,393	66,509	58,294
Capital grants and contributions	-	70,770	44,957	1,235	499,403	-	1,235	570,173	44,957
General revenues:							-	-	-
Investment earnings	10,908	3,996	2,791	97,280	44,857	21,747	108,188	48,853	24,538
Total revenues	331,219	132,407	97,913	815,938	846,128	286,342	1,147,157	978,535	384,255
Expenses:									
General government	93,884	63,297	47,452	-	-	-	93,884	63,297	47,452
Allocations to other agencies	145,647	87,731	71,885	-	-	-	145,647	87,731	71,885
Toll bridge activities		-	-	1,155,916	617,546	433,703	1,155,916	617,546	433,703
Congestion relief		-	-	16,892	12,401	11,789	16,892	12,401	11,789
Total expenses	239,531	151,028	119,337	1,172,808	629,947	445,492	1,412,339	780,975	564,829
Inc/(Dec) in net assets before transfers	91,688	(18,621)	(21,424)	(356,870)	216,181	(159,150)	(265,182)	197,560	(180,574)
Transfers in (out)	27,852	32,238	27,074	(27,852)	(32,238)	(27,074)	-	-	-
Income/loss before contributions and extraordinary item	119,540	13,617	5,650	(384,722)	183,943	(186,224)	(265,182)	197,560	(180,574)
Contributed capital	-	-	-		-	-	-	-	-
Distribution for Caltrans bond defeasance	-	-	-		(1,119,563)	-	-	(1,119,563)	-
Total contributed capital/distributions	-	-	-	-	(1,119,563)	-	-	(1,119,563)	-
Increase (decrease) in net assets	119,540	13,617	5,650	(384,722)	(935,620)	(186,224)	(265,182)	(922,003)	(180,574)
Net assets / (deficit) - Beginning	173,914	160,297	154,647	(1,265,357)	(329,737)	(143,513)	(1,091,443)	(169,440)	11,134
Net assets / (deficit) - Ending	$ 293,454	$ 173,914	$ 160,297	$ (1,650,079)	$ (1,265,357)	$ (329,737)	$ (1,356,625)	$ (1,091,443)	$ (169,440)

Charges for services program revenue increased by $141,341 for 2007, and $36,534 in fiscal 2006. The increase for charges for services in the business-type activities is explained in Section F of this discussion.

Operating grants and contributions increased by $536,884 or 807.2 percent in fiscal 2007 and increased by $8,215 or 14.1 percent in fiscal 2006. The fiscal 2007 increase represents Spillover funds of $87,637 and Proposition 42 funds of $62,887 for the STA program. Higher fuel prices in fiscal 2007 also created a significant increase in STA revenue. Caltrans paid BATA $125,000 of revenue that BATA assigned to BAIFA. Caltrans also paid BATA $148,000 of state funds as part of its required annual contribution to the seismic program.

Capital grants and contribution revenue decreased in fiscal 2007 by $568,938 or 99.8percent compared to an increase in fiscal 2006 of $525,216 or 1168.2 percent. The large decrease in 2007 is due to a large contribution of $499,403 from Caltrans for the Seismic Fund closeout in fiscal 2006. This represented the final payment to BATA to assume the consolidation of all the bridge toll revenue.

Investment earnings increased in fiscal 2007 by $59,335 or 121.5 percent and increased by $24,315 or 99.1 percent in 2006. The majority of the increases for both fiscal years 2007 and 2006 are attributable to the business-type activities. See Section F for a further explanation of the business-type activities.

Allocations to other agencies increased by $57,915 or 66.0 percent in fiscal 2007, compared to a increase in fiscal 2006 of $15,846 or 22.0 percent. The increases in fiscal years 2007 and 2006 is mainly due to the allocations from the STA fund as the STA revenue increased for both fiscal years 2007 and 2006.

MTC's net assets for business activities decreased by $384,722 or 30.4 percent in 2007. Toll bridge activities expenses increased by $538,370 or 87.2 percent versus an increase of $183,843 or 42.4 percent in fiscal 2006. The additional toll bridge activities in fiscal 2007 are due to increases in operating expenses, bond interest expense, RM 2 capital distribution to other agencies and capital distributions to Caltrans. See the next section for further explanation of these differences in the business-type activities.

BAIFA had program revenues from operating grants and contribution of $34,950 during the first eleven months consisting of $15,000 in contribution from BATA and $19,950 in interest income. Interest expense paid and accrued to date for the SPANs was $25,185 less amortization of bond premium of $2,895 for total interest expense of $22,291. Other expenses include amortization of bond issuance costs and administrative fees of $671 for total expenses of $22,962.

F. Financial Analysis of Business-Type Activites

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

Business-Type Activities ($000)

	2007	2006	2005
Revenues:			
Toll revenues collected by Caltrans	$ 422,355	$ 280,277	$ 248,141
Other operating revenues	11,987	12,723	8,325
Total revenues	434,342	293,000	256,466
Operating expenses:			
Operating expenses incurred by Caltrans	29,576	32,657	37,582
Other operating expenses	88,127	61,080	35,397
Total operating expenses	117,703	93,737	72,979
Operating income/(loss)	316,639	199,263	183,487
Non-operating revenues/(expenses)			
Interest income	97,280	44,857	21,747
Interest expense	(131,439)	(63,146)	(35,374)
Bond issuance cost	(1,066)	-	-
Operating grant	283,082	-	-
Contributions from Caltrans	1,235	499,403	-
Contribution to BAIFA	(15,000)	-	-
Distributions to other agencies for their capital purposes	(907,485)	(473,065)	(337,140)
Other	(116)	8,869	8,130
Total non-operating revenues (expenses)	(673,509)	16,918	(342,637)
Income/(loss) before transfers, contributions, and extraordinary item	(356,870)	216,181	(159,150)
Transfers			
Transfers to Metropolitan Transportation Commission	(27,852)	(32,238)	(27,074)
Income/(loss) before extraordinary item	(384,722)	183,943	(186,224)
Extraordinary item			
Distribution for Caltrans bond defeasance	-	(1,119,563)	
Change in net assets	(384,722)	(935,620)	(186,224)
Total net assets / (deficit) - beginning	(1,265,357)	(329,737)	(143,513)
Total net assets / (deficit) - ending	$ (1,650,079)	$ (1,265,357)	$ (329,737)

Fiscal year 2007, toll revenue of $422,355 for the seven bridges was $142,078 higher compared with the prior year. The increase in 2007 was primarily as a result of the collection of an extra dollar in tolls for 9.7 months that in prior fiscal year was distributed to the Caltrans Toll Bridge Seismic Retrofit Account. Assembly Bill (AB) 144 consolidated all toll revenues including the seismic dollar under BATA administration. The transfer of seismic surcharge from Caltrans to BATA in late April 2006 accounted for $93,983 of the increase in revenues in fiscal year 2007. Another factor contributing to the additional revenue in fiscal 2007 was the increase of a second seismic dollar in tolls for cash customers on January 1, 2007 and electronic toll-paying patrons on February 1, 2007. The second seismic toll dollar bought in an additional $53,101 in toll revenue in fiscal year 2007. Excluding these two factors, total toll revenue would decrease by $5,006. Total number of paid toll vehicles for all bridges decreased by 1.4 percent compared to the prior year. The paid vehicle counts increased on the Antioch and Richmond-San Rafael bridges and decreased on the Carquinez, Benicia-Martinez, San Mateo-Hayward, and Dumbarton and San Francisco-Oakland Bay bridges. Detailed traffic counts are available in the statistical section, Table 8.

Fiscal year 2006, toll revenue of $280,277 was $32,136 higher compare to 2005. The increase was due to the collection of an extra dollar in toll for 2.3 months amounting to $23,566 that previously was distributed to Caltrans Toll Bridge Seismic Retrofit Account. Another factor contributing to the increase was the discontinuance of a discount program for electronic toll patrons in effect for the first 4 months of fiscal year 2005. Fiscal year 2006 did not include such a discount resulting in $12,385 more toll revenue than 2005.

BATA's other operating revenues decrease $810 for 2007 and increase $4,369 in fiscal 2006. The 2007 decrease is the result of the discontinuance of commercial credit customer fees and lower violation revenue. The 2006 fiscal year increase in other operating revenue is a result of higher penalty assessments for toll violators implemented in June 2005.

BATA's total operating expenses rose by $19,338 or 23.7 percent in 2007 and by $20,400 or 33.3 percent in 2006. In both years, the increases in total operating expenses are due to several categories. An additional $6,888 in 2007 and $10,563 are related to the increase in allocation expenses to other agencies for the RM 2 operating projects. Professional fees were $10,594 higher in 2007 and $8,600 higher in 2006 than in the preceding year. The increases in professional fees for fiscal 2007 and 2006 are mainly due to purchases of additional toll tags, professional services for the expanded operation of the FasTrak® program and financing activities of the new bonds. Salaries and benefits increased $2,213 in 2007 and $1,336 in 2006. The salary increases relate to the transition of Caltrans employees to BATA in mid-2006. Other expenses increased $3,228 in 2007 as a result of additional bank service charges, advertising expenses for FasTrak® and Department of Motor Vehicle fees associated with the enforcement of toll violations. Other expenses increase $4,316 in 2006. Operating expenses incurred by Caltrans in 2007 decreased $3,081 and $4,926 in 2006. The decreases are due to the consolidation of the accounting, information technology, banking and electronic toll collection activities into BATA's operations and offset some of the increases in other categories of expenses.

Investment and interest income for 2007 of $96,415 represents an increase of 118.8 percent from 2006. The 2006 interest income of $44,857 represented an increase of 106.3 percent over fiscal 2005. The increases are generated from larger cash and investment balances on hand during the years.

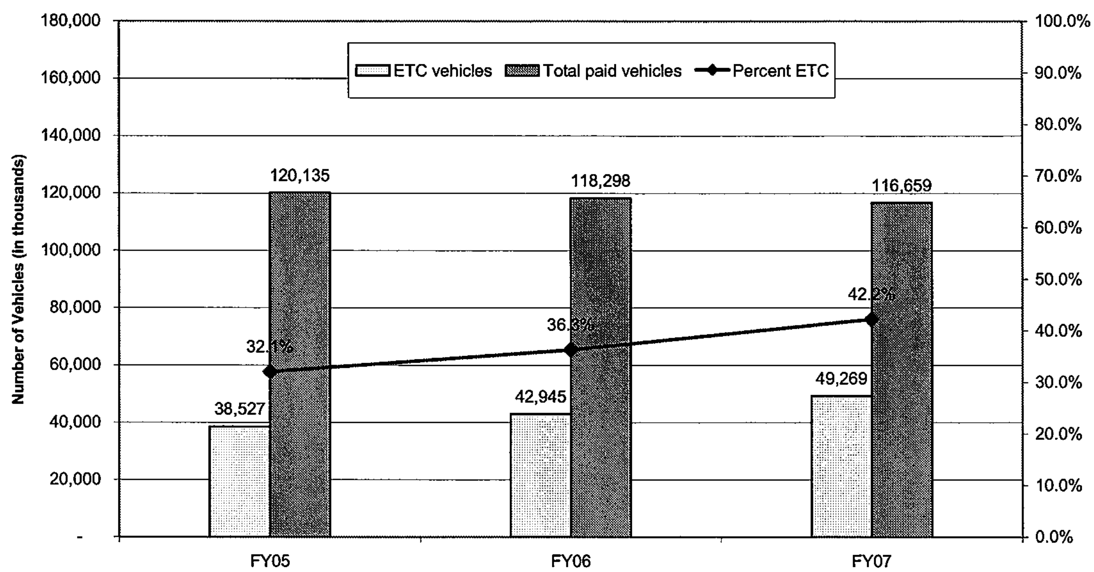
Interest expense totaled $131,439 for 2007 as compared to $63,146 for 2006. The interest expense increase of $68,293 in 2007 is primarily due to a full year interest expenses for the 2006 Series A-E of and the 2006 Series F Bonds. These bonds were issued in February and April 2006 and had incurred only partial year interest expense in 2006. The 2006 Series A-E Bonds contributed $20,072 while the 2006 Series F Bonds contributed $45,295 to the increase in interest expense. In May 2007, BATA issued the 2007 Series A-G Bonds, which added $4,309 in additional interest expenses. The interest expense for the 2001 Series Bonds was $1,484 lower as a portion of the 2007 Series F Bond proceeds were used to defease $61,415 of the 2001 Series D Bonds in 2007.

Interest expense totaled $63,146 for 2006 compared to $35,374 for 2005. The increase is primarily attributable to higher principal balances from two new bond issues. The 2006 Series A-E and the 2006 Series F bonds added $14,144 and $10,228 to interest expense for the year. Interest expense in 2006 for the 2004 Series Bonds were $2,582 higher due to a full year as compared to 9 months of interest expense.

Revenue collections from the FasTrak® electronic toll program continue to increase. Electronic toll Collection (ETC) revenue for the total number of paid vehicles comprised 42.2 percent of the total paid vehicles in fiscal 2007 compared to 36.3 percent in fiscal 2006 and 32.1 percent for fiscal 2005. The larger increase in fiscal 2007 is due to more FasTrak® only lanes and a marketing program that encourages patrons to get transponders from various outlets. The graph on the next page illustrates the increase in electronic toll collection (ETC) usage for the last three years.

Service Authority for Freeways and Expressways (SAFE) operating revenues increased by $73 or 1.2 percent in fiscal year 2007 and increase $28 or .4 percent in 2006. Operating expense for SAFE increased $4,628 or 38.1 percent in 2007 and $359 or 3 percent in 2006. The difference in operating expenses for 2007 fiscal year is due mainly to increase in depreciation of $3,584 from the previous year. The additional depreciation expenses were primarily for bringing call boxes to current code specifications and in line with the depreciated life of the assets.

ETC Usage by Fiscal Year



G. Financial Analysis of Governmental Funds

The fund balance of the MTC governmental funds was $241,609 and $113,505 for fiscal years 2007 and 2006, respectively, as reported under the modified accrual basis of accounting. The fund balance includes reserved and unreserved funds. Of the fund balance, an amount of $99,694 is reserved for capital projects for fiscal 2007 and $47,660 for fiscal 2006. An unreserved balance of $117,335 and $44,556 for fiscal 2007 and 2006, respectively, is to be used for purposes specific to the special revenue and capital projects funds. An amount of $11,710 of the fund balance for 2007 and $12,457 for 2006 has been reserved for specific Commission or other legal purposes. The remaining balance of $12,870 for 2007 and $8,832 for 2006 represents unreserved funds available for appropriation at the government's discretion.

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)

	2007	2006	2005
Revenues:			
Sales taxes	$ 10,626	$ 10,355	9,562
Grants - Federal	44,210	37,452	32,568
Grants - State	227,808	74,084	47,340
Local agency revenues	37,666	6,520	5,653
Invesment income	9,499	3,997	2,790
Total revenues	329,809	132,408	97,913
Expenditures:			
Current:			
General government	59,181	49,945	38,805
Allocations to other agencies	156,210	95,765	81,185
Capital outlay	14,166	5,639	10,540
Total expenditures	229,557	151,349	130,530
Transfers in	27,852	32,238	27,075
Net change in fund balance	128,104	13,297	(5,542)
Fund balance - beginning	113,505	100,208	105,750
Fund balance - ending	$ 241,609	$ 113,505	$ 100,208

MTC's sales tax revenue increased for the fourth straight year. The increase for fiscal 2007 was $271 or 2.6 percent. The increase in state and other agencies revenue for fiscal 2007 was $184,870. This increase is due to revenue for the BART car replacement project of $22,680, receipt of payment on the BART loan of $10,000, and an increase of $149,456 for state transit assistance funds. The state transit assistance funds include an increase from Proposition 42 of $39,000, an increase in the revenue-based portion of $80,000 and an increase in the population-based portion of $30,000. The increase in state and other agencies revenue for fiscal 2006 was $27,611.

Total general government expenditures increased $9,236 in fiscal year 2007. The increase in fiscal 2007 is due to program expenditures of $7,115 and an increase in salaries and benefits of $2,447. Program expenditures include increases to the Spare the Air program of $2,758 and $2,473 of expenditures for the MacArthur Maze emergency response. Total general government expenditures increased $11,140 in fiscal year 2006. Allocations to other agencies increased by $60,445 or 63.1 percent for fiscal 2007. Since the STA revenue was higher this year, the allocations for the STA program increased by $69,383 and the allocations from the Rail Reserve fund decreased by $6,854.

The increase in capital outlay for fiscal 2007 of $8,527 is due to increased TransLink expenditures for the AC Transit and Golden Gate Bridge and Transportation District soft launch of the TransLink program, site preparation and design expenditures.

H. General Fund

The final fiscal year 2007 general fund revenue budget for MTC for the year was $87,723, an increase of $9,966 over the original budget adopted on July 1, 2006.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2007.

	General Fund Budget			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 77,757	$ 87,723	$ 54,382	$ (33,341)
Expenditures	97,715	116,006	70,277	45,729
Excess/(Deficiency)	(19,958)	(28,283)	(15,895)	12,388
Transfer in	17,226	25,551	18,696	(6,855)
Net change in fund balance	(2,732)	(2,732)	2,801	5,533
Fund balance - beginning	24,018	24,018	24,018	-
Fund balance - ending	$ 21,286	$ 21,286	$ 26,819	$ 5,533

The principal reason for the revenue increase in the final budget from the adopted budget was due to state and federal grants of $9,510. The expenditures associated with this increase was in the Spare the Air program and the MacArthur Maze emergency response along with prior year encumbrances brought forward from the previous year.

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Expenditures were also well below budget, with a net increase in fund balance of $2,801 after transfers.

Actual expenditures are lower than budget as not all the programs budgeted were completed by year-end.

The general fund's fund balance increased by $2,801 at June 30, 2007 due mainly to an increase in sales tax revenue and BATA's administrative fee to MTC is based on its operating revenue which increased in fiscal 2007 from fiscal 2006 due to a full year of additional revenue from the seismic dollar whereas the seismic dollar was in effect for two months in fiscal 2006.

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $11,730 for fiscal 2007 and $11,221 for fiscal 2006 as reported under the accrual basis of accounting. There were construction in progress costs incurred of $337 in fiscal 2007 for the seismic retrofit work of MTC's offices. Three hundred ninety six call boxes were removed due to higher usage of cell phones, with a net book value of $1 in fiscal 2007. Callbox enhancements were $450 for fiscal year 2007. The second floor office remodel was completed during fiscal year 2006 to include additional improvements of $1,134. Assets relating to the seven state-owned bridges administered by BATA are recorded with Caltrans.

Additional information on MTC's capital assets is disclosed in Note 4 on pages 53-55 of this report.

J. Long-Term Debt Administration

BATA issued one bond series in fiscal 2007. The 2007 Series A-G Bonds of $810,950 was issued in May 2007 to finance the costs of capital improvements projects for some of the seven Bay Area toll bridges and to refund a portion of the BATA 2001 Series D Bonds. Total 2001 Series D Bonds refunded was $61,415.

Component Unit - BAIFA. In December 2006, BATA entered into a contribution agreement with the Bay Area Infrastructure Financing Authority. 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 (SPAN) of $972,320. BAIFA deposited a portion of the bond proceeds, $887,991, in an account 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.

Additional information on MTC's long-term debt can be found in Note 5 on pages 56-66 of this report.

K. Economic Factors Impacting MTC

The Bay Area economy has been impacted by gas prices, the slowdown in sales and construction of the housing market, and an increase in the number of foreclosures. There are concerns about the collapse of the sub-prime mortgages. The Association of Bay Area Governments sees moderate growth for the remainder of the year. General factors include:

- Unemployment in the Bay Area has been steady at less than 5 percent.
- There was a 2.6 percent increase in sales tax revenue for the combined nine Bay Area counties, down from the prior fiscal year by 8.3 percent. Region-wide sales tax revenue increased for the fourth straight year after two straight declining years. A small increase for sales tax revenue for fiscal 2008 is projected.
- Housing market sales and residential construction have slowed down. Rising delinquencies in sub-prime mortgages have also contributed to this.

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, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Auth
Assets				
Cash and cash equivalents - unrestricted	$ 147,689,909	$ 641,136,802	$ 788,826,711	$ -
Cash and cash equivalents - restricted	24,241,571	436,771,589	461,013,160	651,622,694
Investments - unrestricted	40,161,899	1,209,456,368	1,249,618,267	-
Investments - restricted	-	414,446,149	414,446,149	-
Receivables:				
Accounts and tolls due	36,974	2,701,717	2,738,691	-
Due from Bay Area Toll Authority	-	-	-	389,367,388
Interest	3,190,995	22,673,027	25,864,022	1,677,912
Caltrans - funding	60,549,637	2,074,911	62,624,548	-
Federal funding	18,171,618	727,775	18,899,393	-
Prepaid items	758,738	2,373,825	3,132,563	-
Bond issuance costs	-	45,627,447	45,627,447	11,365,646
Loan to other agencies	47,000,000	-	47,000,000	-
Capital assets (net of accumulated depreciation)	6,133,478	5,596,330	11,729,808	-
Total assets	347,934,819	2,783,585,940	3,131,520,759	1,054,033,640
Liabilities				
Accounts payable	37,639,378	43,990,038	81,629,416	19,176,750
Accrued liabilities	9,235,815	44,732,013	53,967,828	-
Unearned revenue	-	32,284,694	32,284,694	-
Due to / (from) other funds	3,897,305	(3,897,305)	-	-
Due to Caltrans	1,010,177	41,849,473	42,859,650	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	42,620,000	42,620,000	105,180,000
Due in more than one year	-	3,839,871,690	3,839,871,690	917,688,994
Due to BAIFA				
Due within one year	-	99,979,552	99,979,552	-
Due in more than one year	-	289,387,836	289,387,836	-
Other noncurrent liabilities				
Due within one year	1,257,108	-	1,257,108	-
Due in more than one year	1,441,059	2,846,791	4,287,850	-
Total liabilities	54,480,842	4,433,664,782	4,488,145,624	1,042,045,744
Net Assets / (Deficit)				
Invested in capital assets, net of related debt	6,015,009	5,596,330	11,611,339	-
Restricted for:				
Capital projects	99,693,883	-	99,693,883	-
RM 2 program reserve	-	159,260,022	159,260,022	-
Seismic program reserve	-	357,474,498	357,474,498	-
Debt reserve	-	125,000,000	125,000,000	-
Extraordinary loss reserve	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	48,410,000	-	48,410,000	-
Debt service	-	-	-	11,987,896
Other purposes	9,130,266	-	9,130,266	-
Unrestricted	130,204,819	(2,347,409,692)	(2,217,204,873)	-
Total net assets / (deficit)	$ 293,453,977	$ (1,650,078,842)	$ (1,356,624,865)	$ 11,987,896

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

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents - unrestricted	$ 92,088,636	$ 629,067,631	$ 721,156,267
Cash and cash equivalents - restricted	1,066,701	32,875,173	33,941,874
Investments - unrestricted	32,373,444	1,055,946,690	1,088,320,134
Investments - restricted	-	198,911,600	198,911,600
Receivables:			
Accounts and tolls due	37,171	2,942,807	2,979,978
Caltrans - Seismic Contributions	-	36,451,759	36,451,759
Interest	624,455	15,866,006	16,490,461
Caltrans - funding	2,354,352	6,380,692	8,735,044
Federal funding	16,144,408	470,400	16,614,808
Prepaid items	614,288	301,373	915,661
Bond issuance costs	-	33,893,064	33,893,064
Loans to other agencies	57,000,000	-	57,000,000
Capital assets (net of accumulated depreciation)	5,826,876	5,394,086	11,220,962
Total assets	208,130,331	2,018,501,281	2,226,631,612
Liabilities			
Accounts payable	26,963,181	18,444,879	45,408,060
Accrued liabilities	3,616,162	15,646,434	19,262,596
Unearned revenue	-	29,776,639	29,776,639
Due to / (from) other funds	1,219,371	(1,219,371)	-
Due to Caltrans	-	74,663,010	74,663,010
Noncurrent liabilities:			
Due within one year	1,094,660	29,705,000	30,799,660
Due in more than one year	1,323,156	3,116,841,539	3,118,164,695
Total liabilities	34,216,530	3,283,858,130	3,318,074,660
Net Assets / (Deficit)			
Invested in capital assets, net of related debt	5,826,876	5,539,155	11,366,031
Restricted for:			
Capital projects	47,659,740	-	47,659,740
RM 2 program reserve	-	66,127,649	66,127,649
Seismic program reserve	-	378,167,638	378,167,638
Debt reserve	-	149,148,268	149,148,268
Extraordinary loss reserve	-	50,000,000	50,000,000
Long-term receivable	57,000,000	-	57,000,000
Other purposes	12,456,841	-	12,456,841
Unrestricted	50,970,344	(1,914,339,559)	(1,863,369,215)
Total net assets / (deficit)	$ 173,913,801	$ (1,265,356,849)	$ (1,091,443,048)

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2007

	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 Auth
Functions									
Governmental Activities:									
General government	$ 93,884,140	$ -	$ 92,502,501	$ -	$ 92,502,501	$ (1,381,639)	$ -	$ (1,381,639)	$ -
Transportation	145,646,986	-	227,808,567	-	227,808,567	82,161,581	-	82,161,581	
Total governmental activities	239,531,126	-	320,311,068	-	320,311,068	80,779,942	-	80,779,942	-
Business-type Activities:									
Toll bridge activities	1,155,916,387	428,343,830	275,590,146	1,234,760	705,168,736	-	(450,747,651)	(450,747,651)	
Congestion relief	16,891,976	5,997,648	7,491,482	-	13,489,130	-	(3,402,846)	(3,402,846)	
Total business-type activities	1,172,808,363	434,341,478	283,081,628	1,234,760	718,657,866	-	(454,150,497)	(454,150,497)	-
Total primary government	$ 1,412,339,489	$ 434,341,478	$ 603,392,696	$ 1,234,760	$ 1,038,968,934	80,779,942	(454,150,497)	$ (373,370,555)	-
Component Unit									
BAIFA (For the eleven months ended)	$ 22,961,933	$ -	$ 34,949,829	$ -	$ 34,949,829				11,987,896
General revenues:									
Restricted investment earnings						1,410,000	-	1,410,000	-
Unrestricted investment earnings						9,498,532	97,280,206	106,778,738	-
Transfers						27,851,702	(27,851,702)	-	-
Total general revenues and transfers						38,760,234	69,428,504	108,188,738	-
Change in net assets						119,540,176	(384,721,993)	(265,181,817)	11,987,896
Net assets / (deficit) - beginning						173,913,801	(1,265,356,849)	(1,091,443,048)	-
Net assets / (deficit) - ending						$ 293,453,977	$ (1,650,078,842)	$ (1,356,624,865)	$ 11,987,896

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2006

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets — Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-Type Activities	Total
Functions								
Governmental Activities:								
General government	$ 63,297,372	$ -	$ 54,326,890	$ -	$ 54,326,890	$ (8,970,482)	$ -	$ (8,970,482)
Transportation	87,731,178	-	3,314,562	70,769,703	74,084,265	(13,646,913)	-	(13,646,913)
Total governmental activities	151,028,550	-	57,641,452	70,769,703	128,411,155	(22,617,395)	-	(22,617,395)
Business-type Activities:								
Toll bridge activities	617,546,375	287,075,606	2,858,775	499,403,240	789,337,621	-	171,791,246	171,791,246
Congestion relief	12,401,445	5,924,293	6,009,468	-	11,933,761	-	(467,684)	(467,684)
Total business-type activities	629,947,820	292,999,899	8,868,243	499,403,240	801,271,382	-	171,323,562	171,323,562
Total primary government	$ 780,976,370	$ 292,999,899	$ 66,509,695	$ 570,172,943	$ 929,682,537	(22,617,395)	171,323,562	148,706,167
General revenues:								
Unrestricted investment earnings						3,996,455	44,857,379	48,853,834
Extraordinary Item						-	(1,119,562,683)	(1,119,562,683)
Transfers						32,237,731	(32,237,731)	-
Total general revenues and transfers						36,234,186	(1,106,943,035)	(1,070,708,849)
Change in net assets						13,616,791	(935,619,473)	(922,002,682)
Net assets / (deficit) - beginning						160,297,010	(329,737,376)	(169,440,366)
Net assets / (deficit) - ending						$ 173,913,801	$(1,265,356,849)	$ (1,091,443,048)

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

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2007

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - unrestricted	$ 24,021,806	$ 15,892,060	$ 86,955,355	$ -	$ 20,820,688	$ 147,689,909
Cash and cash equivalents - restricted	1,010,177	-	-	-	23,231,394	24,241,571
Investments - unrestricted	196,005	25,037,897	-	-	14,927,997	40,161,899
Receivables:						
Accounts	36,974	-	-	-	-	36,974
Interest	62,552	398,490	1,000,000	-	319,953	1,780,995
State/Caltrans funding	5,261,369	-	55,201,908	86,360	-	60,549,637
Federal funding	15,873,725	-	-	2,297,893	-	18,171,618
Due from other funds	928,648	62,493	-	206,652	-	1,197,793
Prepaid items	758,738	-	-	-	-	758,738
Total assets	$ 48,149,994	$ 41,390,940	$ 143,157,263	$ 2,590,905	$ 59,300,032	$ 294,589,134
Liabilities and fund balances						
Liabilities						
Accounts payable	$ 11,621,624	$ 881,342	$ 23,576,449	$ 1,238,532	$ 321,431	$ 37,639,378
Accrued liabilities	5,631,642	1,226,321	1,134,601	1,138,625	104,626	9,235,815
Due to other funds	3,067,716	677,672	150,184	-	1,199,526	5,095,098
Due to Caltrans	1,010,177	-	-	-	-	1,010,177
Total liabilities	21,331,159	2,785,335	24,861,234	2,377,157	1,625,583	52,980,468
Fund balances						
Reserved for						
Benefits Reserve	5,235,767	-	-	-	-	5,235,767
Capital Projects	2,238,803	35,793,077	31,322,343	117,700	30,221,960	99,693,883
Seismic Retrofit	979,169	-	-	-	-	979,169
Legal	2,167,438	-	-	-	-	2,167,438
STA Reserve	3,157,075	-	-	-	-	3,157,075
HOV Reseve	170,515	-	-	-	-	170,515
Unreserved, reported in						
General fund	12,870,068	-	-	-	-	12,870,068
Capital projects	-	-	-	96,048	-	96,048
Special revenue funds	-	2,812,528	86,973,686	-	27,452,489	117,238,703
Total fund balances	26,818,835	38,605,605	118,296,029	213,748	57,674,449	241,608,666
Total liabilities and fund balances	$ 48,149,994	$ 41,390,940	$ 143,157,263	$ 2,590,905	$ 59,300,032	

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	6,133,478
Capital leases are not due and payable in the current period and therefore are not reported in the funds	(118,469)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(2,579,698)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds	48,410,000
Net assets of governmental activities	$ 293,453,977

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

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2006

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - unrestricted	$ 19,442,347	$ 4,505,028	$ 49,003,371	$ -	$ 19,137,890	$ 92,088,636
Cash and cash equivalents - restricted	1,066,701	-	-	-	-	1,066,701
Investments - unrestricted	186,386	32,187,058	-	-	-	32,373,444
Receivables:						
Accounts	37,171	-	-	-	-	37,171
Interest	2,105	446,028	174,999	-	1,323	624,455
State/Caltrans funding	2,305,272	-		49,080	-	2,354,352
Federal funding	13,877,337	-	-	2,267,071	-	16,144,408
Prepaid items	614,288	-	-	-	-	614,288
Total assets	$ 37,531,607	$ 37,138,114	$ 49,178,370	$ 2,316,151	$ 19,139,213	$ 145,303,455
Liabilities and fund balances						
Liabilities						
Accounts payable	$ 11,404,526	$ 2,603,058	$ 12,332,486	$ 545,187	$ 77,924	$ 26,963,181
Accrued liabilities	3,615,247	872	-	-	43	3,616,162
Due to other funds	(1,506,112)	359,239	148,627	1,556,189	661,428	1,219,371
Total liabilities	13,513,661	2,963,169	12,481,113	2,101,376	739,395	31,798,714
Fund balances						
Reserved for						
Benefits Reserve	6,555,497	-	-	-	-	6,555,497
Capital Projects	2,729,122	31,164,288	4,051,083	214,775	9,500,472	47,659,740
Seismic Retrofit	3,000,000	-	-	-	-	3,000,000
Legal	468,500	-	-	-	-	468,500
STA Reserve	1,734,049	-	-	-	-	1,734,049
HOV Reserve	198,805	-	-	-	-	198,805
Equipment Reserve	499,990	-	-	-	-	499,990
Unreserved, reported in						
General fund	8,831,983	-	-	-	-	8,831,983
Special revenue funds	-	3,010,657	32,646,174	-	8,899,346	44,556,177
Total fund balances	24,017,946	34,174,945	36,697,257	214,775	18,399,818	113,504,741
Total liabilities and fund balances	$ 37,531,607	$ 37,138,114	$ 49,178,370	$ 2,316,151	$ 19,139,213	
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						5,826,876
Capital leases are not due and payable in the current period and therefore are not reported in the funds						(148,435)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds						(2,269,381)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds						57,000,000
Net assets of governmental activities						$ 173,913,801

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, 2007

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Sales taxes	$ 10,488,137	$ -	$ -	$ 138,025	$ -	$ 10,626,162
Grants - Federal	33,606,619	-	-	10,604,097	-	44,210,716
Grants - State	4,348,726	-	220,177,635	346,360	2,935,846	227,808,567
Local Agencies Revenues	4,585,623	-	-	-	33,080,000	37,665,623
Investment income	1,352,416	1,927,225	3,572,649	-	2,646,242	9,498,532
Total revenues	54,381,521	1,927,225	223,750,284	11,088,482	38,662,088	329,809,600
Expenditures						
Current:						
General government	58,809,099	4,108	-	346,825	21,432	59,181,464
Allocations to other agencies	10,562,521	8,814,785	128,864,904	-	7,967,297	156,209,507
Capital outlay	905,026	-	-	13,261,380	-	14,166,406
Total expenditures	70,276,646	8,818,893	128,864,904	13,608,205	7,988,729	229,557,377
Excess / (deficiency) of revenues over / (under) expenditures	(15,895,125)	(6,891,668)	94,885,380	(2,519,723)	30,673,359	100,252,223
Other financing sources / uses						
Transfers in	18,696,014	11,322,328	-	2,518,696	10,005,726	42,542,764
Transfers out	-	-	(13,286,608)	-	(1,404,454)	(14,691,062)
Total other financing sources and uses	18,696,014	11,322,328	(13,286,608)	2,518,696	8,601,272	27,851,702
Net change in fund balances	2,800,889	4,430,660	81,598,772	(1,027)	39,274,631	128,103,925
Fund balances - beginning	24,017,946	34,174,945	36,697,257	214,775	18,399,818	113,504,741
Fund balances - ending	$ 26,818,835	$ 38,605,605	$ 118,296,029	$ 213,748	$ 57,674,449	$ 241,608,666

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, 2006

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Sales taxes	$ 10,040,904	$ -	$ -	$ 314,165	$ -	$ 10,355,069
Grants - Federal	34,121,212	-	-	3,330,508	-	37,451,720
Grants - State	406,603	-	70,721,804	49,080	2,906,778	74,084,265
Local agency revenues	3,520,101	-	-	-	3,000,000	6,520,101
Investment income	756,282	1,867,630	534,650	-	837,893	3,996,455
Total revenues	48,845,102	1,867,630	71,256,454	3,693,753	6,744,671	132,407,610
Expenditures						
Current:						
General government	49,890,289	4,748	-	49,080	584	49,944,701
Allocations to other agencies	8,033,499	13,237,524	59,482,306	-	15,011,348	95,764,677
Capital outlay	238,823	-	-	5,400,217	-	5,639,040
Total expenditures	58,162,611	13,242,272	59,482,306	5,449,297	15,011,932	151,348,418
Excess / (deficiency) of revenues over / (under) expenditures	(9,317,509)	(11,374,642)	11,774,148	(1,755,544)	(8,267,261)	(18,940,808)
Other financing sources / uses						
Transfers in	12,251,035	11,636,478	-	1,755,544	10,336,611	35,979,668
Transfers out	(153,499)	-	(3,200,757)	115,835	(503,516)	(3,741,937)
Total other financing sources and uses	12,097,536	11,636,478	(3,200,757)	1,871,379	9,833,095	32,237,731
Net change in fund balances	2,780,027	261,836	8,573,391	115,835	1,565,834	13,296,923
Fund balances - beginning	21,237,919	33,913,109	28,123,866	98,940	16,833,984	100,207,818
Fund balances - ending	$ 24,017,946	$ 34,174,945	$ 36,697,257	$ 214,775	$ 18,399,818	$ 113,504,741

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, 2007 and 2006

	2007	2006
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 128,103,925	$ 13,296,923
Governmental funds report 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 exceeded (not exceeded) non capital lease capital outlays in the current period.	306,602	(380,349)
Proceeds from the sale of capital assets provide financial resources to governmental funds while only the gain on the sale of the capital asset 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.	-	(96)
Interest Income on Long Term Loan Receivable not recognized in fiscal year 2007 for governmental reporting purposes	1,410,000	-
Prepayment of the principal of the long-term receivable from BART is not recorded as a long term asset in the governmental funds for fiscal 2007. Loan advances (repayments received) to/from the agency were recorded as expense (income) in the governmental fund but were capitalized as a long-term asset in the statement of net assets.	(10,000,000)	910,000
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. This amount is the effect of the differing treatment of capital lease principal repayment.	29,967	24,253
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in govermental funds:		
Compensated absences	(310,318)	(233,940)
Change in net assets of governmental activities (per Statement of Activities)	$ 119,540,176	$ 13,616,791

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

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2007

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Assets			
Current assets:			
Cash and cash equivalents - unrestricted	$ 637,567,885	$ 3,568,917	$ 641,136,802
Cash and cash equivalents - restricted	430,010,452	-	430,010,452
Short-term investments - unrestricted	1,165,012,570	13,664,232	1,178,676,802
Short-term investments - restricted	219,446,149		219,446,149
Due from MTC	1,098,734	2,798,571	3,897,305
Accounts receivable	2,317,736	-	2,317,736
Accrued interest	22,475,984	197,043	22,673,027
Prepaid expenses	2,300,090	73,735	2,373,825
State/Caltrans funding	20,231	2,054,680	2,074,911
Funding due from local agency	383,981	-	383,981
Funding due from federal agency	-	727,775	727,775
Total current assets	2,480,633,812	23,084,953	2,503,718,765
Non-current assets:			
Investments	30,779,566	-	30,779,566
Restricted non -current assets:			
Cash and cash equivalents	6,761,137	-	6,761,137
Investments	195,000,000	-	195,000,000
Bonds issuance costs	45,627,447	-	45,627,447
Capital assets:			
Furniture and equipment, net of accumulated depreciation	1,179,822	7,919	1,187,741
Call boxes, net of accumulated depreciation	-	1,492,081	1,492,081
Building	1,495,092	1,421,416	2,916,508
Total non-current assets	280,843,064	2,921,416	283,764,480
Total assets	2,761,476,876	26,006,369	2,787,483,245
Liabilities			
Current liabilities:			
Accounts payable	41,454,296	1,430,030	42,884,326
Accrued expenses	23,139,411	74,440	23,213,851
Accrued interest payable	21,518,162	-	21,518,162
Unearned revenue	32,284,694	-	32,284,694
Retentions payable	848,826	256,886	1,105,712
Long-term debt - current	42,620,000	-	42,620,000
Due to Caltrans	41,849,473	-	41,849,473
Due to Bay Area Infrastructure Financing Authority	99,979,552		99,979,552
Total current liabilities	303,694,414	1,761,356	305,455,770
Non-current liabilities:			
Patron deposits	2,612,869	-	2,612,869
Rebate arbitrage liability	233,922	-	233,922
Due to Bay Area Infrastructure Financing Authority	289,387,836	-	289,387,836
Long-term debt, net	3,839,871,690	-	3,839,871,690
Total non - current liabilities	4,132,106,317	-	4,132,106,317
Total liabilities	4,435,800,731	1,761,356	4,437,562,087
Net assets / (deficit)			
Invested in capital assets, net of related debt	2,674,914	2,921,416	5,596,330
Restricted net assets	691,734,520	-	691,734,520
Unrestricted net assets	(2,368,733,289)	21,323,597	(2,347,409,692)
Total net assets / (deficit)	$ (1,674,323,855)	$ 24,245,013	$(1,650,078,842)

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

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Assets			
Current assets:			
Cash and cash equivalents - unrestricted	$ 628,730,183	$ 337,448	$ 629,067,631
Cash and cash equivalents - restricted	32,875,173	-	32,875,173
Short-term investments	817,800,548	15,827,362	833,627,910
Short-term investments - restricted	23,911,600	-	23,911,600
Accounts receivable	2,191,939	-	2,191,939
Receivable- Caltrans Seismic Contributions	36,451,759	-	36,451,759
Accrued interest	15,744,857	121,149	15,866,006
Prepaid expenses	98,499	202,874	301,373
State/Caltrans funding	-	6,380,692	6,380,692
Funding due from local agency	750,868	-	750,868
Funding due from federal agency	-	470,400	470,400
Total current assets	1,558,555,426	23,339,925	1,581,895,351
Non-current assets:			
Capital assets:			
Furniture and equipment, net of accumulated depreciation	1,177,863	15,751	1,193,614
Call boxes, net of accumulated depreciation	-	1,153,544	1,153,544
Building	1,564,511	1,482,417	3,046,928
Capital assets, net	2,742,374	2,651,712	5,394,086
Non-current assets:			
Investments	222,318,780	-	222,318,780
Bond issuance costs	33,893,064	-	33,893,064
Total non-current assets	256,211,844	-	256,211,844
Restricted non-current assets:			
Investments	175,000,000	-	175,000,000
Total non-current assets	433,954,218	2,651,712	436,605,930
Total assets	1,992,509,644	25,991,637	2,018,501,281
Liabilities			
Current liabilities:			
Accounts payable	17,151,330	1,042,301	18,193,631
Accrued expenses	3,873,103	309,764	4,182,867
Accrued interest payable	11,463,567	-	11,463,567
Unearned revenue	29,776,639	-	29,776,639
Retentions payable	219,749	31,499	251,248
Long-term debt - current	29,705,000	-	29,705,000
Due to / (from) MTC	290,905	(1,510,276)	(1,219,371)
Due to Caltrans	74,663,010	-	74,663,010
Total current liabilities	167,143,303	(126,712)	167,016,591
Non-current liabilities:			
Patron deposits	2,133,400	-	2,133,400
Long-term debt, net	3,114,708,139	-	3,114,708,139
Total liabilities	3,283,984,842	(126,712)	3,283,858,130
Net assets / (deficit)			
Invested in capital assets, net of related debt	2,742,374	2,796,781	5,539,155
Restricted net assets	643,443,555	-	643,443,555
Unrestricted net assets	(1,937,661,127)	23,321,568	(1,914,339,559)
Total net assets / (deficit)	$ (1,291,475,198)	$ 26,118,349	$(1,265,356,849)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Change in Fund Net Assets – Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Operating revenues			
Toll revenues collected by Caltrans	$ 422,354,852	$ -	$ 422,354,852
Department of Motor Vehicles registration fees	-	5,997,648	5,997,648
Other operating revenues	5,988,978	-	5,988,978
Total operating revenues	428,343,830	5,997,648	434,341,478
Operating expenses			
Operating expenses incurred by Caltrans	29,575,582	-	29,575,582
Towing contracts	-	8,156,063	8,156,063
Professional fees	33,228,254	1,919,100	35,147,354
Allocations to other agencies	24,268,599	-	24,268,599
Salaries and benefits	4,952,859	860,590	5,813,449
Repairs and maintenance	18,311	1,186,394	1,204,705
Communications charges	6,346	383,520	389,866
Depreciation and amortization	317,782	3,784,820	4,102,602
Other operating expenses	8,559,150	485,699	9,044,849
Total operating expenses	100,926,883	16,776,186	117,703,069
Operating income / (loss)	327,416,947	(10,778,538)	316,638,409
Non-operating revenues / (expenses)			
Investment income	96,415,260	864,946	97,280,206
Interest expense	(131,438,684)	-	(131,438,684)
Bond issuance costs	(1,065,694)	-	(1,065,694)
Caltrans/other agency operating grants	275,590,146	5,979,971	281,570,117
Federal operating grants	-	1,511,511	1,511,511
Contributions from Caltrans	1,234,760	-	1,234,760
Contributions to BAIFA	(15,000,000)	-	(15,000,000)
Distributions to other agencies for their capital purposes	(123,418,931)	-	(123,418,931)
Distributions to Caltrans for their capital purposes	(784,066,195)	-	(784,066,195)
Gain/loss on sale/abandonment of equipment	-	(115,790)	(115,790)
Total non-operating revenues / (expenses), net	(681,749,338)	8,240,638	(673,508,700)
Income/(loss) before transfers	(354,332,391)	(2,537,900)	(356,870,291)
Transfers			
Transfers to Metropolitan Transportation Commission	(26,516,266)	(1,335,436)	(27,851,702)
Transfers between programs	(2,000,000)	2,000,000	-
Change in net assets	(382,848,657)	(1,873,336)	(384,721,993)
Total net assets / (deficit) - beginning	(1,291,475,198)	26,118,349	(1,265,356,849)
Total net assets / (deficit) - ending	$ (1,674,323,855)	$ 24,245,013	$ (1,650,078,842)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Change in Fund Net Assets – Proprietary Funds
For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Operating revenues			
Toll revenues collected by Caltrans	$ 280,276,856	$ -	$ 280,276,856
Department of Motor Vehicles registration fees	-	5,924,293	5,924,293
Other operating revenues	6,798,750	-	6,798,750
Total operating revenues	287,075,606	5,924,293	292,999,899
Operating expenses			
Operating expenses incurred by Caltrans	32,656,652	-	32,656,652
Towing contracts	-	8,179,464	8,179,464
Professional fees	22,633,672	1,335,381	23,969,053
Allocations to other agencies	17,380,548	-	17,380,548
Salaries and benefits	2,739,722	801,832	3,541,554
Repairs and maintenance	2,373	855,359	857,732
Communications charges	437	335,957	336,394
Depreciation and amortization	844,809	201,280	1,046,089
Other operating expenses	5,331,041	438,673	5,769,714
Total operating expenses	81,589,254	12,147,946	93,737,200
Operating income / (loss)	205,486,352	(6,223,653)	199,262,699
Non-operating revenues / (expenses)			
Investment income	44,059,545	797,834	44,857,379
Interest expense	(63,146,496)	-	(63,146,496)
Caltrans/other agency operating grants	2,858,775	5,450,857	8,309,632
Federal operating grants	-	558,611	558,611
Contributions from Caltrans	499,403,240	-	499,403,240
Distributions to other agencies for their capital purposes	(71,065,762)	(253,500)	(71,319,262)
Distributions to Caltrans for their capital purposes	(401,744,862)	-	(401,744,862)
Total non-operating revenues / (expenses), net	10,364,440	6,553,802	16,918,242
Income/(loss) before transfers and extraordinary item	215,850,792	330,149	216,180,941
Transfers			
Transfers to Metropolitan Transportation Commission	(30,771,061)	(1,466,670)	(32,237,731)
Income/(loss) before extraordinary item	185,079,731	(1,136,521)	183,943,210
Extraordinary item			
Distribution for Caltrans bond defeasance	(1,119,562,683)	-	(1,119,562,683)
Change in net assets	(934,482,952)	(1,136,521)	(935,619,473)
Total net assets / (deficit) - beginning	(356,992,246)	27,254,870	(329,737,376)
Total net assets / (deficit) - ending	$ (1,291,475,198)	$ 26,118,349	$ (1,265,356,849)

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, 2007

	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	$ 425,216,579	$ 6,022,674	$ 431,239,253
Cash payments to Caltrans, suppliers and employees for services	(100,843,158)	(12,903,877)	(113,747,035)
Other receipts	5,677,842	1,677,255	7,355,097
Net cash provided by / (used in) operating activities	330,051,263	(5,203,948)	324,847,315
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	275,957,033	5,979,971	281,937,004
Proceeds from issuance of revenue bonds	756,953,196	-	756,953,196
Bond issuance costs	(1,807,296)	-	(1,807,296)
Deferred bond premium	-	-	-
Interest paid on bonds & capital leases	(121,312,593)	-	(121,312,593)
Payment for defeasance of bonds	-	-	-
Federal operating grants	-	1,254,136	1,254,136
Transfers to MTC/SAFE	(29,615,000)	-	(29,615,000)
Contributions from Caltrans	37,686,519	-	37,686,519
Bond principal payment	(29,705,000)	-	(29,705,000)
Distributions to Caltrans	(817,804,761)	-	(817,804,761)
Distributions to other agencies	(80,263,086)	-	(80,263,086)
Contributions from BAIFA	514,367,388	-	514,367,388
Distributions to BAIFA	(125,000,000)	-	(125,000,000)
Contributions to BAIFA	(15,000,000)	-	(15,000,000)
Net cash provided by / (used in) non-capital financing activities	364,456,400	7,234,107	371,690,507
Cash flows from capital and related financing activities			
Transfers between programs	-	2,000,000	2,000,000
Expenditures for facilities, property and equipment	(250,321)	(3,781,375)	(4,031,696)
Proceeds from sale of facilities, property and equipment	-	30,502	30,502
Net cash provided by / (used in) capital and related financing activities	(250,321)	(1,750,873)	(2,001,194)
Cash flows from investing activities			
Proceeds from sale & maturities of investments	4,562,753,306	39,146,335	4,601,899,641
Purchase of investments	(4,938,196,268)	(37,079,314)	(4,975,275,582)
Interest and dividends received	93,919,738	885,162	94,804,900
Net cash provided by / (used in) investing activities	(281,523,224)	2,952,183	(278,571,041)
Net increase / (decrease) in cash and cash equivalents	412,734,118	3,231,469	415,965,587
Balances - beginning of year	661,605,356	337,448	661,942,804
Balances - end of year	$ 1,074,339,474	$ 3,568,917	$ 1,077,908,391
Schedule of noncash activities			
Loss on abandonment of capital asset - noncash	$ -	$ 145,070	$ 145,070

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, 2007

	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)	$ 327,416,947	$ (10,778,538)	$ 316,638,409
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	317,781	3,784,820	4,102,601
Net effect of changes in:			
Due to MTC	(290,905)	(2,623,731)	(2,914,636)
Due from Caltrans	-	4,326,012	4,326,012
Accounts receivable	(125,797)	-	(125,797)
Prepaid expenses and other assets	(2,201,591)	(15,932)	(2,217,523)
Due to Caltrans	925,029	-	925,029
Unearned revenue	2,508,055	-	2,508,055
Patron deposits	479,469		479,469
Other receivables due from Caltrans	(20,231)	-	(20,231)
Accounts payable and accrued expenses	1,042,506	103,421	1,145,927
Net cash provided by / (used in) operating activities	$ 330,051,263	$ (5,203,948)	$ 324,847,315

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, 2006

	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	$ 295,429,345	$ 5,924,293	$ 301,353,638
Cash payments to Caltrans and suppliers for services	(63,870,058)	(11,263,234)	(75,133,292)
Other receipts	6,798,870	(4,007,386)	2,791,484
Net cash provided by / (used in) operating activities	238,358,157	(9,346,327)	229,011,830
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	2,566,130	5,450,857	8,016,987
Payment for defeasance of Caltrans bonds	(1,119,562,683)	-	(1,119,562,683)
Proceeds from issuance of revenue bonds	2,149,205,000	-	2,149,205,000
Bond issuance costs	(22,493,021)	-	(22,493,021)
Interest paid on bonds & capital leases	(55,448,135)	-	(55,448,135)
Federal operating grants	-	558,611	558,611
Transfers to MTC	(30,771,061)	(1,466,670)	(32,237,731)
Contributions from Caltrans	462,951,481	-	462,951,481
Bond principal payment	(5,785,000)	-	(5,785,000)
Distributions to Caltrans	(396,066,944)	-	(396,066,944)
Distributions to other agencies	(71,065,762)	(253,499)	(71,319,261)
Net cash provided by / (used in) non-capital financing activities	913,530,005	4,289,299	917,819,304
Cash flows from capital and related financing activities			
Amounts charged against Architecture Revolving Fund (ARF)	61,146	-	61,146
Expenditures for facilities, property and equipment	(609,200)	(525,000)	(1,134,200)
Net cash provided by / (used in) capital and related financing activities	(548,054)	(525,000)	(1,073,054)
Cash flows from investing activities			
Proceeds from sale & maturities of investments	1,610,136,533	55,839,858	1,665,976,391
Purchase of investments	(2,461,537,969)	(51,809,114)	(2,513,347,083)
Interest and dividends received	31,541,215	744,182	32,285,397
Net cash provided by / (used in) investing activities	(819,860,221)	4,774,926	(815,085,295)
Net increase / (decrease) in cash and cash equivalents	331,479,887	(807,102)	330,672,785
Balances - Beginning of year	330,125,469	1,144,550	331,270,019
Balances - End of year	$ 661,605,356	$ 337,448	$ 661,942,804
Schedule of noncash activities			
Loss on abandonmnet of capital asset - noncash	$ -	$ 8,529	$ 8,529

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, 2006

	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)	$ 205,486,352	$ (6,223,653)	$ 199,262,699
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	844,806	201,280	1,046,086
Net effect of changes in:			
Loss on abandonment of asset	-	8,529	8,529
Due from Caltrans	6,344,345	-	6,344,345
Accounts receivable	(2,191,939)	-	(2,191,939)
Prepaid expenses and other assets	(33,665)	(562)	(34,227)
Due to Caltrans	5,345,354	(4,007,386)	1,337,968
Unearned revenue	11,000,083	-	11,000,083
Other receivables due from Caltrans	120	-	120
Accounts payable and accrued expenses	11,562,701	675,465	12,238,166
Net cash provided by / (used in) operating activities	$ 238,358,157	$ (9,346,327)	$ 229,011,830

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

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	$ 85,939,453	$ 100,214,022
Receivables - interest	256,294	-
Receivables - other	46,722	-
Total Assets	$ 86,242,469	$ 100,214,022
Liabilities		
Accounts payable	$ 8,032,609	$ 7,758,425
Accrued expenses	1,046,295	-
Due to other governments	77,163,565	92,455,597
Total Liabilities	$ 86,242,469	$ 100,214,022

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 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 principle sources of revenue susceptible to accrual under the modified accrual method described later within this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14. 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. Senate Bill 226 amended Streets and Highway Code Section 30950 et seq. and transferred to BATA certain California Transportation Commission (CTC) and State of California, Department of Transportation (Caltrans) duties and 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 capital improvement program approved by the voters in 1988. The toll bridges 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. A new ten-year agreement was signed in January 2003 and amended in 2005. The current ten-year agreement was signed in 2006.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for Regional Measure 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 (RM2). Regional Measure 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 RM2 allocations. This dollar surcharge became effective July 1, 2004.

Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. Under the terms of the Cooperative Agreement signed in January 2003, BATA assumed responsibility for electronic toll collection starting in April 2004. BATA's FasTrak® Center consolidated its operations to include Golden Gate Bridge Highway and Transportation District on May 30, 2005.

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 Benicia-Martinez Bridge project and 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. Caltrans had previously issued bonds that were backed by the revenue generated by the seismic dollar. BATA issued bonds to defease the Caltrans bonds, which had been issued by the California Infrastructure and Economic Development Bank (Ibank). BATA distributed the bond proceeds to the escrow bank for defeasance of the Caltrans bonds on April 25, 2006.

BATA is a proprietary fund as it generates revenue from toll bridge receipts.

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 Special Revenue Funds

AB 664 Net Toll Revenue Reserve Fund – These funds are allocated, seventy percent to East Bay and thirty percent to West Bay, to 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 capital facility improvement. Section 30884 (a) of the Streets and Highway Code states the AB 664 Net Toll Revenue receives 16 percent 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.

Transit Reserve Fund – The 1988 Regional Measure 1 toll increase authorizes up to 3 percent of toll revenue to be used for congestion-relieving transit operations and capital projects in the bridge corridors and an additional 2 percent of the increase to be used for ferry service capital projects. The calculation of the transit reserves was revised in Section 30913 (b) of the Streets and Highway Code to 1/3 of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges effective January 1, 2004. When the state-owned toll bridges became eligible for federal funding in April 2000, transit operations could no longer be funded because federal funding guidelines allow toll revenues to be used for transit capital projects only.

Caltrans entered into a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC to replace the Toll Funds previously used for transit operations. As a result of this agreement, new programming and allocation policies were established in MTC Resolution No. 3288, with the Unrestricted State Funds supporting ferry operations and other transit/bicycle projects, and toll revenue transfers limited to ferry capital improvements.

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 Extension Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements. Section 30914 (a.4) of the Streets and Highway Code states that rail extension reserve 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 State Transit Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs.

BART Car ExchangeFund – Funds deposited are restricted for the purpose of the BART car replacement projects.

Feeder Bus Fund – Are to reimburse various transit operators for operating the BART Express Bus Program.

iv.) MTC Capital Projects Fund

MTC Capital Projects Fund is used to account for the financial resources used in the acquisition and development of major capital projects. The TransLink project and fund management project are the capital projects included in the current fiscal year.

Discretely presented component unit

i.) Bay Area Infrastructure Financing Authority

The 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 Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (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.*

B. Government-Wide and Fund Financial Statements

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 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.

For the year ended June 30, 2006, MTC adopted GASB Statement No. 44, *Economic Condition Status Reporting: The Statistical Section.* GASB 44 provides guidance and objectives for the statistical reporting of information found in GASB 34 financial statements. For the year ended June 30, 2007, MTC adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment to GASB Statement No. 34, which clarifies and modifies the reporting requirements related to the restriction of net assets resulting from enabling legislation.

GASB Statement No.42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,* which establishes accounting and financial reporting standards for impairment of capital assets as well as GASB Statement No. 47, *Accounting for Termination Benefits*, which provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations have been adopted by MTC for fiscal year ended June 30, 2006.

The adoption of the above pronouncements did not have a material effect on the financial statements of MTC.

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.

MTC adopted GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which provides guidance on how state and local governments should account for and report costs and obligations associated with postemployment healthcare and other nonpension benefits commonly referred to as other postemployment benefits or OPEB. For additional information, see Note 9.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues 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 a liability, has been adopted for fiscal year ended June 30, 2007 and applied to BATA. The adoption of this pronouncement did not have a material effect on the financial statements.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on the accounting and reporting of obligations and costs related to existing pollution remediation, the requirements of which are effective for financial statements for periods beginning after December 15, 2007. This statement is not expected to have a material impact on the financial statements of MTC.

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 30 days after 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.

MTC reports the following governmental funds:

The *general fund* is used to account for those financial resources that are not required to be accounted for in another fund. MTC's general fund is its primary operating fund.

Special revenue funds are used to account for proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes. MTC's special revenue funds include the AB 664 Net Toll Revenue Reserves Fund, the STA Fund, the Transit Reserve Fund, the Rail Extension Reserve Fund, the Exchange Fund, the Feeder Bus Fund and the BART Car Exchange Fund, which is new for fiscal 2007.

In fiscal 2007, the following funds are considered nonmajor special revenue funds: the Transit Reserve Fund, the Rail Extension Reserve Fund, the Exchange Fund, the Feeder Bus Fund and the BART Car Exchange Fund. Since these funds did not meet the major fund test, management has included them in Other Governmental Funds. The individual funds are presented in Schedules 1 and 2 for fiscal 2007.

The opening fund balance of the combined non-major special revenue funds is as follows:

	Opening Balance 2007
Transit Reserve Fund	$ 441,125
Rail Extension Reserve Fund	7,488,632
Exchange Fund	10,425,453
Feeder Bus Fund	44,608
BART Car Exchange	0
Total	$18,399,818

The *capital projects fund* is used to account for the financial resources used in the acquisition and development of major capital projects. There are two projects included in this fund in fiscal 2007 – the TransLink project and the Fund Management Project.

In fiscal 2007 and 2006, 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.

MTC reports the following major proprietary funds:

The *Bay Area Toll Authority (BATA) fund* is used to account for the activities of BATA with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by the state in the San Francisco Bay Area. BATA is a blended component unit of MTC.

The *MTC Service Authority for Freeways and Expressways (SAFE) fund* is used to account for the activities of MTC SAFE with responsibilities for administering a freeway motorist aid system in the participating counties as well as providing tow truck services to stranded motorists. MTC SAFE is a blended component unit of MTC.

MTC reports the following discretely presented component unit:

The *Bay Area Infrastructure Financing Authority (BAIFA) fund* is used to account for the activities of BAIFA with the financing of debt backed by assigned revenue from BATA. The fund also reimburses BATA for its expenses from seismic projects.

Additionally, 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.

The *AB 1107 fund* is 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.

The *Transportation Development Act (TDA) Program fund* is 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.

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. The final budget is presented 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 and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. These commitments will be recognized in subsequent year appropriations.

F. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires certain investments (generally investments in interest earning investment contracts, external investment pools, open ended mutual funds, debt securities, and equity securities) 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. 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.

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 may be made within the following approved instrument guidelines:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit (or time deposits) placed with commercial banks and savings and loans
- Bankers' acceptances
- Authorized pooled investment programs
- Commercial paper – Rated "A1 or P1"
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "AAA"
- Asset backed securities

- 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. Deposits in the investment pool of the County of Alameda are presented as cash and cash equivalents as they are available for immediate withdrawal and there is no risk of loss 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.

G. Capital Assets

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes, 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. Depreciation expense for the governmental activities is charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimate 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 is 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
Leased equipment	5
Automobiles	3
Call boxes	10

H. Net Assets

Net assets represent residual interest in assets after liabilities are deducted. Net assets consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. Restricted net assets consist of amounts restricted for capital expenditures and other purposes as follows:

	2007	2006
Restricted for Capital Projects	$ 99,693,883	$ 47,659,740
Other Purposes:		
RM 2 program reserve	159,260,022	66,127,649
Seismic program reserve	357,474,498	378,167,638
Debt covenant - operating & maintenance reserve	125,000,000	125,000,000
Debt covenant - reserve fund	-	24,148,268
Self insurance reserve	50,000,000	50,000,000
Long-term receivable restricted for use by rail reserve	48,410,000	57,000,000
Other	9,130,266	12,456,841
Total Other Purposes	$ 749,274,786	$ 712,900,396

I. 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 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 in the State.

J. Postemployment Healthcare Benefits

MTC pays certain health care insurance premiums for retired employees. Employees may become eligible for these benefits if they reach normal retirement age while working for the MTC. The number of participants eligible to receive benefits was 49 for the year ended June 30, 2007.

For the year ended June 30, 2007, MTC adopted GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which provides guidance on how state and local governments should account for and report costs and obligations associated with postemployment healthcare and other nonpension benefits commonly referred to as other postemployment benefits or OPEB. In accordance with the adoption of GASB Statement No. 45, the cost of retiree health care insurance premiums of

$353,378 for fiscal year 2007 have been applied toward the annual required contribution (ARC) of $2,155,931 for fiscal year 2007. See Note 9 for additional information.

K. 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 $2,579,698 and $2,269,381 at June 30, 2007 and 2006, 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, 2007 is as follows:

	Beginning Balance July 1, 2006	Additions	Reductions	Ending Balance June 30, 2007	Due Within One Year
Compensated Absences	$2,269,381	$1,807,481	$ (1,497,164)	$ 2,579,698	$ 1,224,129
Total Compensated Absences	$2,269,381	$1,807,481	$ (1,497,164)	$ 2,579,698	$ 1,224,129

A summary of changes in compensated absences for the year ended June 30, 2006 is as follows:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Due Within One Year
Compensated Absences	$2,035,441	$1,576,300	$ (1,342,360)	$ 2,269,381	$ 1,064,694
Total Compensated Absences	$2,035,441	$1,576,300	$ (1,342,360)	$ 2,269,381	$ 1,064,694

L. 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 the Bay Area Infrastructure Financing Authority (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 has pledged and assigned to BAIFA all BATA's rights to the future state payments.

In fiscal year 2007, the amount of pledged payments from the state to BAIFA was \$125,000,000. SPAN proceeds distributed to BATA were \$514,387,836.

The accounting for the above transactions are prescribed by GASB Statement 48 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. The requirements of GASB Statement No. 48 are effective for financial statements for periods beginning after December 15, 2006. BATA has adopted this pronouncement early for fiscal 2007 and as a result have 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.

M. 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.

N. Toll Revenues Collected by Caltrans

After toll revenues are collected by Caltrans and transferred to BATA at the toll plazas, BATA accounts for the cash collection from the operation of the bridges and transfers revenues for the seismic retrofit charges to Caltrans. After the bond defeasance in April 2006, the revenue for the seismic retrofit charges also remained with BATA. This revenue is used for seismic retrofit program. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

O. 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 and operations costs.

P. 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.

Q. Contribution From Caltrans

As provided by the Assembly Bill (AB) 144 and in accordance with the Cooperative Agreement between BATA and Caltrans, Caltrans has transferred to BATA a portion of the revenues and existing fund balances collected on or before April 25, 2006. The transfer was \$462,951,481 in cash. A receivable of \$36,451,759 was received in early fiscal 2007.

In fiscal 2007, Caltrans transferred the remaining balance of $1,234,760 in cash to BATA.

R. 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.

S. Operating and Non-operating Revenues and Expenses

Operating revenues are those necessary for principle 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 ASSET DEFICIT

The unrestricted asset deficit arises due to the nature of the activities of BATA. 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 of BATA as BATA does not own or maintain title to the bridges. The deficit will be reduced through operating income earned in the future.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A reconciliation of Cash, Cash Equivalents and Investments as shown on the Statement of Net Assets for all funds at June 30, 2007 and 2006 is as follows:

	2007	2006
Cash and cash equivalents	$ 415,848,708	$ 391,433,547
Investments	2,498,055,579	1,650,896,328
Total cash, cash equivalents and investments	$2,913,904,287	$2,042,329,875
Reported as:		
Unrestricted cash and cash equivalents	$ 788,826,711	$ 721,156,267
Unrestricted investments	1,249,618,267	1,088,320,134
Total unrestricted cash, cash equivalents and investments	2,038,444,978	1,809,476,401
Restricted cash and cash equivalents	461,013,160	33,941,874
Restricted investments	414,446,149	198,911,600
Total restricted cash, cash equivalents and investments	875,459,309	232,853,474
Total cash, cash equivalents and investments	$2,913,904,287	$2,042,329,875

The composition of cash, cash equivalents and investments at June 30, 2007 and 2006 is as follows:

	2007	2006
Cash at banks	$ 122,744,051	$ 107,616,268
Money market accounts	199,156,464	228,423,197
County of Alameda	93,948,193	55,394,082
Total cash and cash equivalents	415,848,708	391,433,547
Government-sponsored enterprises		
Federal Home Loan Board	838,305,725	489,350,448
Federal Home Loan Mortgage	1,447,496,624	901,485,830
Federal National Mortgage Association	9,878,284	9,653,100
Tennesse Valley Authority	9,940,496	10,025,500
Federal Farm Credit Board	65,682,202	9,818,800
Commercial paper - Corporate	26,458,016	106,313,022
Certificates of Deposit	75,001,309	123,971,080
Corporate Bonds	25,000,000	-
Local Agency Investment Fund	292,923	278,548
Total investments	2,498,055,579	1,650,896,328
Total cash, cash equivalents and investments	$ 2,913,904,287	$ 2,042,329,875

MTC holds a position in the investment pool of County of Alameda in the amount of $93,948,193. These funds in the Alameda County pool are not registered with the Securities and Exchange Commission (SEC). 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 rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The fair value in the investment pool of County of Alameda is the same as the fair value of the position in the external investment pool at June 30, 2007. The investment holdings with the County of Alameda account for 3 percent of MTC's investment portfolio. Deposits with the County of Alameda are highly liquid and there is no risk of loss of principal and as such are considered to be cash and cash equivalents.

MTC holds $292,923 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 0.01 percent of MTC's investment portfolio.

MTC's portfolio includes five mutual fund investments. The mutual funds are Cadre Institutional Investors Trust (Cadre), Blackrock Treasury Trust Mutual Fund, Columbia

Treasury Reserve Fund, Dreyfus Treasury Cash Management Fund, and Blackrock T Fund. The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTCs total cash and investment as follows:

	2007	2006
Highmark	0%	7%
Cadre	1%	1%
Columbia Treasury	1%	1%
Dreyfus	1%	1%
Blackrock T Fund	1%	1%
Blackrock Treasury Trust	2%	n/a

Cadre is owned by Public Financial Management and is rated "AAA" by both Standard & Poor's Corporation and Moody's. The fund invests in debt securities issued or guaranteed by the U.S. government or an agency of the U.S. government and repurchase agreements collateralized by US government securities.

The Blackrock Treasury Trust Mutual Fund is part of the overnight sweep fund utilized by Union Bank of California (UBOC) custodial accounts and invests primarily in U.S. Treasury, such as Treasury bills, notes and trust receipts. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The Blackrock T Fund is part of the overnight sweep fund utilized by UBOC trust 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.

Dreyfus Treasury Cash Management fund is part of the overnight sweep fund utilized by Bank of New York custodial accounts and invests exclusively in securities issued or guaranteed by the U.S. government and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA" by both Standard & Poor's and Moody's.

Columbia Treasury Reserve funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invests exclusively in U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. The fund is rated "AAA" by both Standard & Poor's and Moody's.

State law and MTC policy limit mutual fund investment 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 and there is no risk of loss of principal and as such are considered to be cash and cash equivalents.

The government-sponsored enterprise (GSE) holdings carry "AAA" ratings. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio. The holdings include Federal Home Loan Board (FHLB) and Federal Home Loan Mortgage (FHLMC).

MTC holds a position in corporate notes as permitted under MTC's investment policy. Corporate notes must be rated "A" or better with a maximum maturity of 5 years and cannot exceed 10 percent of the investment portfolio. As of June 30, 2007, MTC holds $25,000,000 in corporate notes. The corporate notes constitute 1 percent of MTC's total investment holdings.

MTC holds positions in both commercial paper and certificates of deposits as permitted under MTC's investment policy. Commercial paper must have the highest letter and numerical rating provided by Standard & Poor's and Moody's. Eligible commercial paper is further limited to issuing corporations organized and operating in the United States and having total assets of $500,000,000 and having an "A" or higher rating for issuer's debt, other than commercial paper. Purchases cannot exceed 180 days maturity, 10 percent of the outstanding paper of a single issuing corporation and 10 percent of the agency's investment portfolio. As of June 30, 2007, MTC holds $26,458,016 (market value) in commercial paper. The commercial paper investments constitute 1 percent of MTC's total investment holdings.

Certificates of Deposits (CDs) must be issued by a nationally chartered or state-chartered bank and cannot exceed 10 percent of the investment portfolio. As of June 30, 2007, MTC holds $75,001,309 (market value) in negotiable CDs. The CDs constitute 3 percent of MTC's total investment holdings.

MTC also has $1,010,177 cash restricted for costs for the Express Bus purchases funded with the Traffic Relief Program funds. BATA has restricted cash of $35,171,456 for the FasTrak® program, funded with patron holders funds for the Electronic Toll Collection (ETC) program.

A. 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.

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. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by at least one nationally recognized independent credit-rating agencies, for example Moody's Investor Services or Standard & Poor's. The lower the rating, the greater the chance (in the opinion of Moody's or Standard & Poor's) that the bond issuer will default, or fail to meet its obligations.

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 of California (UBOC) and Bank of New York (BONY) and held in the name of MTC. All security trades clear through both banks. All checking and sweep accounts are fully insured or collateralized. 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, 2007 and 2006 are as follows:

	2007	**2006**
Federal Home Loan Board (FHLB)	29%	24%
Federal Home Loan Mortgage (FHLMC)	50%	44%

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 holds $45 million in investments tied to floating rate benchmarks. Depending on the structure, the rate on the investment will reset monthly or quarterly and is based on a LIBOR (London Interbank Offering Rate) or a CMT (Constant Maturity Treasuries-2 year TSY) index.

In addition to the floating rate investments in the portfolio, MTC also holds $15 million in investments with step-up coupon features. The coupon will step up or increase after a period of time has elapsed.

The floating rate and step-up coupon securities are summarized as follows:

Investment	Par Value	Structure	Final Maturity
FHLMC	$20 million	1 month LIBOR + 8 basis points to 10/07 Fixed at 5.15% from 10/07 to maturity	4/09
FHLB	$10 million	Previous coupon reset + 25 basis points Initial index – 3 months LIBOR	3/08
FHLMC	$15 million	Fixed at 4% the first year (to 7/06) Steps to 4.5% the second year (to 7/07) Steps to 5% the third year	7/08
MBIA	$15 million	3 month LIBOR + 20 basis points to 3/07 2-year CMT + 20 basis points from 3/07 to maturity	9/08

The weighted average maturity of MTC's Government Sponsored Enterprise (GSE) securities (expressed in number of years) at June 30, 2007 and 2006 are as follows:

	2007	**2006**
Government-sponsored enterprises		
Federal Home Loan Board	0.30	0.81
Federal Home Loan Mortgage	0.56	0.85
Federal National Mortgage Association	5.82	6.82
Tennesse Valley Authority	3.56	4.56
Federal Farm Credit Board	0.22	2.31

Corporate notes have a maturity of slightly over one year with a weighted average of 379 days.

Commercial paper and certificates of deposits have maturities of less than 1 year. The weighted average maturity for commercial paper is 36 days and the weighted average maturity for certificates of deposits is 73 days. Interest rate risk is considered to be minimal for these types of securities.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2007 is as follows:

Governmental activities

	Beginning Balance July 1, 2006	Additions	Retirements	Ending Balance June 30, 2007
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 337,020	$ -	$ 337,020
Total capital assets, not being depreciated	-	337,020	-	337,020
Capital assets, being depreciated:				
Buildings and improvements	$ 8,199,566	$ 551,507	$ -	$ 8,751,073
Office furniture and equipment	3,032,517	16,160	-	3,048,677
Leased equipment	168,489	-	-	168,489
Automobiles	193,373	-	(16,344)	177,029
Total capital assets being depreciated	11,593,945	567,667	(16,344)	12,145,268
Less accumulated depreciation for:				
Buildings and improvements	2,850,860	440,236	-	3,291,096
Office furniture and equipment	2,723,299	113,856	-	2,837,155
Leased equipment	25,274	33,698	-	58,972
Automobiles	167,636	10,295	(16,344)	161,587
Total accumulated depreciation	5,767,069	598,085	(16,344)	6,348,810
Total capital assets, being depreciated, net	5,826,876	(30,418)	-	5,796,458
Governmental activities capital assets, net	$ 5,826,876	$ 306,602	$ -	$ 6,133,478

Business-type activities

	Beginning Balance July 1, 2006	Additions	Retirements	Ending Balance June 30, 2007
Capital assets, being depreciated:				
Office furniture and equipment	$ 2,455,238	$ 250,321	$ -	$ 2,705,559
Building and improvements	3,134,200	-	-	3,134,200
Call boxes	7,999,620	4,055,746	(1,035,221)	11,020,145
Total capital assets being depreciated	13,589,058	4,306,067	(1,035,221)	16,859,904
Less accumulated depreciation for:				
Office furniture and equipment	1,261,624	256,194	-	1,517,818
Building and improvements	87,272	130,420	-	217,692
Call boxes	6,846,076	3,715,989	(1,034,001)	9,528,064
Total accumulated depreciation	8,194,972	4,102,603	(1,034,001)	11,263,574
Total capital assets, being depreciated, net	5,394,086	203,464	(1,220)	5,596,330
Business-type activities capital assets, net	$ 5,394,086	$ 203,464	$ (1,220)	$ 5,596,330

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 598,085
Total depreciation expense - governmental activities	$ 598,085
Business-type activities:	
Toll bridge	$ 317,782
Congestion relief	3,784,820
Total depreciation expense - business-type activities	$ 4,102,602

A summary of changes in capital assets for the year ended June 30, 2006 is as follows:

Governmental activities

	Beginning Balance July 1, 2005	Additions	Retirements	Ending Balance June 30, 2006
Capital assets, being depreciated:				
Buildings and improvements	$ 8,104,977	$ 1,144,589	$ (1,050,000)	$ 8,199,566
Office furniture and equipment	2,940,094	94,482	(2,059)	3,032,517
Leased equipment	83,430	168,489	(83,430)	168,489
Automobiles	176,412	30,886	(13,925)	193,373
Total cash assets being depreciated	11,304,913	1,438,446	(1,149,414)	11,593,945
Less accumulated depreciation for:				
Buildings and improvements	2,432,996	417,864	-	2,850,860
Office furniture and equipment	2,575,483	149,246	(1,430)	2,723,299
Leased equipment	69,412	28,047	(72,185)	25,274
Automobiles	176,413	5,148	(13,925)	167,636
Total accumulated depreciation	5,254,304	600,305	(87,540)	5,767,069
Total capital assets, net	$ 6,050,609	$ 838,141	$ (1,061,874)	$ 5,826,876

Business-type activities

	Beginning Balance July 1, 2005	Additions	Retirements	Ending Balance June 30, 2006
Capital assets, being depreciated:				
Office furniture and equipment	$ 2,455,238	$ -	$ -	$ 2,455,238
Building and improvements	2,000,000	1,134,200	-	3,134,200
Call boxes	8,011,526	-	(11,906)	7,999,620
Total cash assets being depreciated	12,466,764	1,134,200	(11,906)	13,589,058
Less accumulated depreciation for:				
Office furniture and equipment	1,017,863	243,761	-	1,261,624
Building and improvements	-	87,272	-	87,272
Call boxes	6,698,589	150,864	(3,377)	6,846,076
Total accumulated depreciation	7,716,452	481,897	(3,377)	8,194,972
Total capital assets, net	$ 4,750,312	$ 652,303	$ (8,529)	$ 5,394,086

Depreciation expense was charges to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 600,305
Total depreciation expense - governmental activities	$ 600,305
Business-type activities:	
Toll bridge	$ 280,617
Congestion relief	201,280
Total depreciation expense - business-type activities	$ 481,897

5. LONG-TERM DEBT

General Revenue Bonds were issued during May 2001, February 2003 and October 2004 to (i) finance the cost of the design and construction of eligible projects of Regional Measure 1 projects for the Bay Area Bridges, (ii) to finance a Reserve Fund for the Series 2001, 2003, and 2004 General Revenue Bonds, and (iii) pay costs incurred in connection with the issuance of the Series 2001, 2003 and 2004 General Revenue Bonds.

General Revenue Bonds were issued during February 2006 (2006 Series A-E) to (i) finance the costs of the design and construction of eligible Regional Measure 1 projects for the Bay Area Bridges, Regional Measure 2 transportation projects and the Toll Bridge Seismic Retrofit capital program for the Bay Area Bridges, (ii) to finance a Reserve Fund for the 2006 Series A-E General Revenue Bonds, and (iii) pay costs incurred in connection with the issuance of the 2006 Series A-E General Revenue Bonds.

General Revenue Bonds were issued during April 2006 (2006 Series F) to (i) defease the California Infrastructure and Economic Development Bank (Ibank) debt obligations related to the seismic surcharge, (ii) to finance a Reserve Fund for the 2006 Series F General Revenue Bonds, and (iii) pay costs incurred in connection with the issuance of the 2006 Series F General Revenue Bonds.

General Revenue Bonds were issued during May 2007 (2007 Series A-G) to (i) finance the costs of the design and construction of eligible Regional Measure 1 projects for the Bay Area bridges, Regional Measure 2 transportation projects and the Toll Bridge Seismic Retrofit capital program for the Bay Area bridges, (ii) pay costs incurred in connection with the issuance of the 2007 Series A-G General Revenue Bonds, and (iii) pay a refunding for a portion of General Revenue Bonds 2001 Series D.

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 L.

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2006	Additions	Reductions	Ending Balance June 30, 2007	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.09%-4.10% [1]	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.120% [1]	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.110% [1]	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.860% [2]	2011	100,000,000	94,215,000	-	(67,430,000)	26,785,000	6,225,000
2003 Revenue Bond Series A	2/12/2003	4.139% [3]	2038	75,000,000	75,000,000	-	-	75,000,000	1,500,000
2003 Revenue Bond Series B	2/12/2003	4.139% [3]	2038	75,000,000	75,000,000	-	-	75,000,000	1,400,000
2003 Revenue Bond Series C	2/12/2003	3.6%-4.139% [4]	2037	150,000,000	150,000,000	-	-	150,000,000	1,700,000
2004 Revenue Bond Series A	10/5/2004	3.416% [5]	2039	75,000,000	75,000,000	-	-	75,000,000	1,245,000
2004 Revenue Bond Series B	10/5/2004	3.416% [5]	2039	150,000,000	150,000,000	-	-	150,000,000	2,490,000
2004 Revenue Bond Series C	10/5/2004	3.416% [5]	2039	75,000,000	75,000,000	-	-	75,000,000	1,245,000
2006 Revenue Bond Series (A-E)	2/8/2006	3.730% [6]	2045	1,000,000,000	1,000,000,000		-	1,000,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.590% [7]	2031	1,149,205,000	1,149,205,000		(23,690,000)	1,125,515,000	26,425,000
2007 Revenue Bond Series(A-E, G)	5/15/2007	3.43%-3.75% [8]	2047	500,000,000	-	500,000,000	-	500,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.440% [9]	2031	310,950,000	-	310,950,000 [10]	-	310,950,000	390,000
				$ 3,960,155,000	$ 3,143,420,000	$ 810,950,000	$ (91,120,000)	$ 3,863,250,000	$ 42,620,000
Unamortized bond premium					993,140	21,232,527	(752,906)	21,472,761	
Deferred charge on 2001 Series D refunding					-	(2,256,715)	25,644	(2,231,071) [11]	
Net long-term debt as of June 30, 2007					$ 3,144,413,140	$ 829,925,812	$ (91,847,262)	$ 3,882,491,690	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% [12]	2017	$ 972,320,000	$ -	$ 972,320,000	$ -	$ 972,320,000	$ 105,180,000
Unamortized bond premium					-	53,443,870	2,894,876	50,548,994	
Net long-term debt as of June 30, 2007					$ -	$ 1,025,763,870	$ 2,894,876	$ 1,022,868,994	

(1) 2001 Series A, B and C bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(2) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018. The bonds carry interest carry interest rates ranging from 4.0% in 2006 to 5.0% in 2018, or an all in true interest cost of 4.86%.

(3) 2003 Series A and B bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(4) Of the $150,000,000 2003 Series C revenue bonds, $50,000,000 are issued as variable rate demand bonds with a floating to fixed interest rate swap. Refer to interest rate swap desription within this footnote.

(5) 2004 Series A, B and C bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(6) 2006 Series A-E bonds are issued as variable rate demand bonds with a total of 4 floating-to-fixed interest rate swap transaction in place. The blended swap rate for this 2006 series is 3.73%. Refer to interest rate swap description within this footnote.

(7) 2006 Series F bonds are issued as fixed rate bonds with a final maturity of 2031. The bonds carry interest rates ranging from 3.4% in 2007 to 5.0% in 2031, or an all in true interest cost of 4.59%.

(8) 2007 Series A-E, and G bonds are issued as variable rate demand bonds. There are 4 floating to fixed interst rate swaps awith an effective date of November 1, 2007 for the series. Refer to interest rate swap description within this footnote.

(9) 2007 Series F bonds are issued as fixed bonds with a final maturity of 2031. The bonds carry interst rates ranging from 4% in 2008 to 5% in 2031 with an all in true interest rate cost of 4.44%.

(10) Amount issued includes 2001 Series D refunding of $61,415,000 (maturities 2012-2018)

(11) Net of Deferred charge on 2001 Series D bond refunding of $2,256,715 less 2007 amortization of $25,644

(12) 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%

A summary of changes in long-term debt for the year ended June 30, 2006 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.09%-4.10% (1)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.120% (1)	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.110% (1)	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.830% (2)	2018	100,000,000	100,000,000	-	5,785,000	94,215,000	6,015,000
2003 Revenue Bond Series A	2/12/2003	4.139% (3)	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series B	2/12/2003	4.139% (3)	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series C	2/12/2003	2.9%-4.139% (4)	2037	150,000,000	150,000,000	-	-	150,000,000	-
2004 Revenue Bond Series A	10/5/2004	3.416% (5)	2039	75,000,000	75,000,000	-	-	75,000,000	-
2004 Revenue Bond Series B	10/5/2004	3.416% (5)	2039	150,000,000	150,000,000	-	-	150,000,000	-
2004 Revenue Bond Series C	10/5/2004	3.416% (5)	2039	75,000,000	75,000,000	-	-	75,000,000	-
2006 Revenue Bond Series (A-E)	2/8/2006	3.730% (6)	2045	1,000,000,000	-	1,000,000,000	-	1,000,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.580% (7)	2031	1,149,205,000	-	1,149,205,000	-	1,149,205,000	23,690,000
				$ 3,149,205,000	$ 1,000,000,000	$ 2,149,205,000	$ 5,785,000	$ 3,143,420,000	$ 29,705,000
Unamortized bond premium					1,077,069	-	83,929	993,140	
Net long-term debt as of June 30, 2006					$ 1,001,077,069	$ 2,149,205,000	$ 5,868,929	$ 3,144,413,140	

(1) 2001 Series A, B and C bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(2) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018. The bonds carry interest carry interest rates ranging from 4.0% in 2006 to 5.0% in 2018, or a true interest cost of 4.83%.

(3) 2003 Series A and B bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(4) Of the $150,000,000 2003 Series C revenue bonds, $50,000,000 are issued as variable rate demand bonds with a floating to fixed interest rate swap transaction in place. The remaining $100,000,000 are issued as floating rate bonds with a final maturity of 2038. Interest rates in the variable rate demand bond averaged 2.93% as of June 30, 2006.

(5) 2004 Series A, B and C bonds are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

(6) 2006 Series A-E bonds are issued as variable rate demand bonds with a total of 4 floating-to-fixed interest rate swap transaction in place. The blended swap rate for this 2006 series is 3.73%. Refer to interest rate swap description within this footnote.

(7) 2006 Series F bonds are issued as fixed rate bonds with a final maturity of 2031. The bonds carry interest rates ranging from 3.4% in 2007 to 5.0% in 2031, or a true interest cost of 4.58%.

Annual funding requirements

The annual funding requirements (principal and interest) for the long-term debt outstanding of the business-type activities at June 30, 2007 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2008	$ 42,620,000	$ 157,216,570	$ 199,836,570
2009	43,965,000	155,482,131	199,447,131
2010	45,730,000	153,692,957	199,422,957
2011	47,880,000	151,831,955	199,711,955
2012-2016	283,975,000	728,136,847	1,012,111,847
2017-2021	405,380,000	660,224,945	1,065,604,945
2022-2026	513,685,000	569,317,488	1,083,002,488
2027-2031	651,040,000	454,156,784	1,105,196,784
2032-2036	673,920,000	319,498,701	993,418,701
2037-2041	591,075,000	184,600,719	775,675,719
2042-2047	563,980,000	68,095,234	632,075,234
	$ 3,863,250,000	$ 3,602,254,331	$ 7,465,504,331

Component Unit - BAIFA

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2008	$ 105,180,000	$ 41,518,064	$ 146,698,064
2009	69,770,000	37,026,878	106,796,878
2010	8,720,000	34,047,699	42,767,699
2011	17,020,000	33,675,355	50,695,355
2012	19,020,000	32,948,601	51,968,601
2013-2018	752,610,000	119,927,647	872,537,647
	$ 972,320,000	$ 299,144,244	$ 1,271,464,244

Toll Revenue Bonds

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.

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 charges 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, including the 2001 bonds and additional bonds.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget. At June 30, 2007, BATA had restricted $125 million as the restricted operations. These amounts are shown as restricted investments for the year ended June 30, 2007. BATA has also covenanted to maintain an emergency extraordinary loss reserve of not less than $50 million. In addition, the BATA board has authorized the reserves of $600 million for emergency extraordinary loss reserves and $70 million for a bridge rehabilitation reserve.

The bonds issued by BATA are collateralized by a first lien on all revenues and are not an obligation of the MTC primary government or any component unit other than BATA.

In May 2007, BATA issued the 2007 Series A-G Bonds in the principal amount of $810,950,000, with a premium of $21,232,527. Part of the proceeds from the 2007 Series F Bonds, $63,844,361, was deposited in an escrow fund held by the Trustee and applied to the defeasance and eventual redemption on April 1, 2011 of $61,415,000 outstanding principal amount of BATA's San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series D, maturing on April 1, 2012 through April 1, 2018. The difference between the reacquisition price and the net carrying amount of the old debt is $2,256,715 which is reported as a deferred charge. The current year amortization of the deferred charge is $25,644 leaving an ending balance of $2,231,071. The transaction resulted in a reduction of debt service payments over the next 11 years of $2,776,348 and provided an economic gain of $2,227,336.

Component Unit – BAIFA

The State Payment Acceleration Notes (SPANs) are payable solely from "Pledged Revenues." The Indenture of Trust, dated December 1, 2006, defines Pledged Revenues as all scheduled payments allocated by the California Transportation Commission (CTC), 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 or liability of the State, MTC, or BATA or any other political subdivisions of the State other than BAIFA. More information is presented in Note L.

Interest Rate and Forward Interest Rate Swap Agreements

In January 2002, BATA completed a variable fixed rate swap transaction with a notional amount of $300 million. Counterparties to the transaction are Ambac for $150 million, Citigroup for $75 million and Morgan Stanley for $75 million. During the 34-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 4.09 percent to 4.12 percent while receiving a variable rate payment based on 65 percent of the one-month LIBOR index. The variable rate bonds associated with this swap were issued as part of BATA's 2001 $300 million Toll Bridge Revenue Bond issue.

BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of $200 million. The contract calls for BATA to pay Ambac a fixed rate of 4.139 percent with an effective date of March 2003. In exchange, BATA will receive a variable rate payment based on 65 percent of the one-month LIBOR rate for 35 year term of the 2003 financing. The variable rate bonds associated with this swap ($75 million for Series A, $75 million for Series B, and $50 million for Series C) were issued as part of BATA's 2003 $300 million Toll Bridge Revenue Bond issue.

In August 2004, BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of $300 million with an effective date of October 2004. The contract calls for BATA to pay Ambac a fixed rate of 3.416 percent. In exchange, BATA will receive a variable rate based on 54 percent of the one-month LIBOR rate and 54 basis points for 35 year term of the 2004 financing. The variable rate bonds associated with this swap were issued as part of BATA's 2004 $300 million Toll Bridge Revenue Bond issue.

In November 2005, BATA approved a forward contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of February 2006. Counterparties to the transactions are Ambac for $500 million, JP Morgan AAA ISDA for $245 million, Citibank for $225 million and Bank of America for $30 million. During the 39 year-term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate payment based on varying percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable rate payment based on 53.8 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable rate payment based on 67.8 percent of the 10 year LIBOR rate in years 1 through 30 (first leg) and a variable rate payment based on 75.105 percent of the one-month LIBOR in years 31 through 39 (second leg).

The variable rate bonds associated with this swap were issued as part of BATA's 2006 $1 billion Toll Bridge Revenue Bond issuance.

On November 30, 2005, BATA approved another forward contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion. The effective forward swap date on this contract is November 1, 2007. Counterparties to the transactions are Ambac for $420 million, JP Morgan for $270 million, Citibank for $260 million and Bank of America for $50 million. During the 40 year term, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate based on ranging percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable-rate payment based on 53.80 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable-rate payment based on 69.33 percent of the five year LIBOR rate in years 1 through 30 (first leg) and a variable-rate payment based on 75.08 percent of the one-month LIBOR in years 31 through 39 (second leg).

Five hundred million dollars of the variable-rate bonds associated with this $1 billion dollar swap were issued in May 2007. The remaining $500 million of the variable-rate bonds associated with this swap will be issued prior to November 1, 2007.

BATA entered into these transactions as a means of lowering long-term debt costs while maintaining a hedge against increases in short-term rates. 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, insurance guaranteeing performance on the Ambac components, as well as BATA's unilateral ability to cancel any transaction with 15 days notice.

The swap contracts address credit risk by requiring the counterparties to post collateral if two triggering mechanisms are breached: counterparty credit ratings fall below "A+" or "Aa3" from Standard & Poor's and Moody's respectively; and the swap carries a positive fair value in excess of $10 million.

As of June 30, 2007, counterparties posted a combined $49 million in collateral with a third party safekeeping agent. Details of the collateral are included on Schedules 14-17.

As of June 30, 2007, the swap counterparties carried the following ratings:

	Standard & Poor's	Moody's
Ambac	AAA	Aaa
JP Morgan AAA ISDA	AAA	Aaa
Citigroup/Citibank	AA/AA+	Aa1/Aaa
Bank of America	AA+	Aaa
Morgan Stanley	A+	Aa3

Cancellation of any or all of the swap transactions is subject to a market value calculation at the time of termination. The market value calculation is used to determine what, if any, termination payment is due from or to the counterparty. At June 30, 2007, the financial and investment advisory firm of Public Financial Management (PFM) established the termination value as of June 30, 2007 as follows:

	Notional Value	Counterparty	Fixed Rate	Value due from / (to) counterparty
	$ 75 million	Ambac	4.110%	$ (3,104,673)
	$ 75 million	Ambac	4.120%	(3,533,873)
	$ 75 million	Morgan Stanley	4.090%	(3,607,255)
	$ 75 million	Citigroup	4.100%	(3,709,124)
	$ 200 million	Ambac	4.139%	(9,365,179)
	$ 300 million	Ambac	3.416%	7,132,936
	$500 million	Ambac	3.647%	19,138,946
	$30 million	Bank of America	3.633%	1,208,989
	$225 million	Citibank	3.638%	6,768,880
	$245 million	JP Morgan Chase	4.000%	10,049,928
*	$420 million	Ambac	3.641%	16,524,028
*	$50 million	Bank of America	3.626%	2,076,729
*	$260 million	Citibank	3.636%	7,912,337
*	$270 million	JP Morgan Chase	4.000%	11,505,683
				$ 58,998,352

* Five hundred million dollars of the variable-rate bonds associated with this $1 billion swap were issued in May 2007. The remaining $500 million of the variable-rate bonds associated with this swap will be issued prior to November 1, 2007.

The termination value, or fair value, BATA would receive from terminating all swaps is $59 million on June 30, 2007.

BATA's intent, however, is to maintain the swap transactions for the life of the financing. In accordance with Governmental Accounting Standards Board Statement No. 20, BATA has not adopted Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and has not recorded the termination value due to or from the counterparties.

The schedule that follows shows the total interest cost of the swap payments. The total cost is determined by taking the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, plus any associated administrative costs associated with the swap and variable rate obligation.

As of June 30, 2007, debt service requirements of the variable rate debt and net swap payments for 2001 Series A, B and C are as follows:

Payment Date	Notional Amortization	Variable Interest**	Interest Rate Swaps, Net***	Interest Remarketing and Liquidity	Total Payment
4/1/2008	$ -	$ 10,778,100	$ 1,941,000	$ 900,000	$ 13,619,100
4/1/2009	-	10,778,100	1,941,000	900,000	13,619,100
4/1/2010	-	10,778,100	1,941,000	900,000	13,619,100
4/1/2011	-	10,778,100	1,941,000	900,000	13,619,100
4/1/2012	-	10,778,100	1,941,000	900,000	13,619,100
4/1/2013-2036	300,000,000	181,064,895	32,607,506	15,119,400	228,791,801
	$ 300,000,000	$ 234,955,395	$ 42,312,506	$ 19,619,400	$ 296,887,301

As of June 30, 2007, debt service requirements of the variable rate debt and net swap payments for 2003 Series A, B and C are as follows:

Payment Date	Notional Amortization	Variable Interest**	Interest Rate Swaps, Net***	Remarketing and Liquidity	Total Payment
4/1/2008	$ 3,000,000	$ 7,185,400	$ 1,362,000	$ 600,000	$ 9,147,400
4/1/2009	3,200,000	7,077,619	1,341,570	591,000	9,010,189
4/1/2010	3,300,000	6,962,653	1,319,778	581,400	8,863,831
4/1/2011	3,500,000	6,844,094	1,297,305	571,500	8,712,899
4/1/2012	3,600,000	6,718,349	1,273,470	561,000	8,552,819
4/1/2013-2038	183,400,000	105,205,034	19,941,723	8,784,900	133,931,657
	$ 200,000,000	$ 139,993,149	$ 26,535,846	$ 11,689,800	$ 178,218,795

As of June 30, 2007, debt service requirements of the variable rate debt and net swap payments for 2004 Series A, B and C are as follows:

Payment Date	Notional Amortization	Variable Interest**	Interest Rate Swaps, Net***	Remarketing and Liquidity	Total Payment
4/1/2008	$ 4,980,000	$ 10,778,100	$ 8,100	$ 900,000	$ 11,686,200
4/1/2009	5,215,000	10,599,184	7,966	885,060	11,492,210
4/1/2010	5,385,000	10,411,824	7,825	869,415	11,289,064
4/1/2011	5,590,000	10,218,357	7,679	853,260	11,079,296
4/1/2012	5,775,000	10,017,525	7,528	836,490	10,861,543
4/1/2013-2039	273,055,000	158,887,696	119,408	13,267,545	172,274,649
	$ 300,000,000	$ 210,912,686	$ 158,506	$ 17,611,770	$ 228,682,962

As of June 30, 2007, debt service requirements of the variable rate debt and net swap payments for 2006 Series A-E are as follows:

Payment Date	Notional Amortization	Variable Interest**	Interest Rate Swaps, Net***	Remarketing and Liquidity	Total Payment
4/1/2008	$ -	$ 35,927,000	$ 1,020,000	$ 3,000,000	$ 39,947,000
4/1/2009	-	35,927,000	1,020,000	3,000,000	39,947,000
4/1/2010	-	35,927,000	1,020,000	3,000,000	39,947,000
4/1/2011	-	35,927,000	1,020,000	3,000,000	39,947,000
4/1/2012	-	35,927,000	1,020,000	3,000,000	39,947,000
4/1/2013-2045	1,000,000,000	973,739,541	27,645,346	81,309,840	1,082,694,727
	$ 1,000,000,000	$ 1,153,374,541	$ 32,745,346	$ 96,309,840	$ 1,282,429,727

	Series 2001 Bonds*	Series 2003 Bonds	Series 2004 Bonds	Series 2006 Bonds
Interest Rate Swap				
Fixed payment to counter party	4.105%	4.139%	3.416%	3.730%
LIBOR percentage of payments****	-3.458%	-3.458%	-3.413%	-3.628%
Net interest rate swap payments***	0.647%	0.681%	0.003%	0.102%
Variable rate bond coupon payments**	3.593%	3.593%	3.593%	3.593%
Synthetic interest rate on bonds	4.240%	4.274%	3.596%	3.695%
Remarketing/liquidity fee	0.300%	0.300%	0.300%	0.300%
Total Cost	4.540%	4.574%	3.896%	3.995%

* Converted to 65% one month LIBOR on 1/1/06
** The blended variable rate as of June 30, 2007
*** Net receipt/(payment)
**** LIBOR rates as of June 30, 2007

For further swap details, refer to Schedules 14-17, Schedule of Interest Rate Swap – BATA Proprietary Fund.

Arbitrage

IRS Code Section 148 requires interest earned on the proceeds of a tax-exempt bond issuance that exceed the arbitrage yield on the bonds be rebated back to the IRS. BATA incurred a calculated rebate arbitrage liability of $233,922 for the fiscal 2007 year that is being held in a restricted account with the trustee for potential future payment to the IRS.

6. LEASES

Capital Leases

The MTC leases copier equipment under capital leases expiring in MTC's fiscal year end 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
2008	$ 42,735
2009	42,736
2010	42,736
2011	10,684
Total	138,891
Less interest amounts	(20,422)
Present value of net minimum lease payments	$ 118,469

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of June 30, 2007, is as follows:

	Transfer In:				
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	Capital Projects	Other Governmental Funds	Total
Exchange	$ -	$ -	$ 1,404,454	$ -	$ 1,404,454
STA	12,172,366	-	1,114,242	-	13,286,608
BATA	5,188,212	11,322,328	-	10,005,726	26,516,266
SAFE	1,335,436	-	-	-	1,335,436
Total	$ 18,696,014	$ 11,322,328	$ 2,518,696	$ 10,005,726	$ 42,542,764

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	BATA	$ 468,212
General	STA	$ 150,184
General	Other Governmental	$ 310,252
AB664	General	$ 62,493
Capital	General	$ 206,652
SAFE	General	$ 2,798,571
BATA	AB664	$ 677,672
BATA	Other Governmental	$ 889,274

The composition of interfund transfers as of June 30, 2006, is as follows:

	Transfer In:				
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	Capital Projects	Other Governmental Funds	Total
Exchange	$ -	$ -	$ 503,516	$ -	$ 503,516
STA	2,004,858	-	1,233,564	-	3,238,422
BATA	8,779,507	11,636,478	18,464	10,336,611	30,771,060
SAFE	1,466,670	-	-	-	1,466,670
Total	$ 12,251,035	$ 11,636,478	$ 1,755,544	$ 10,336,611	$ 35,979,668

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	BATA	$ 290,905
General	STA	$ 148,627
Capital Projects	Exchange	$ 106,308
SAFE	General	$ 1,510,276

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 Executive Office, 400 P Street, Sacramento, California 95814.

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 PERS in fiscal 2007, amending the retirement benefit formula from 2% at 55 to 2 ½ % 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% in effect on July 1, 2006 (10.395% employer contribution and 7% employee share, per employee's gross earnings), and the FY 2007-08 Base Rate. The Base Rate will increase effective FY 2008-09 by a percentage equivalent to the actual increase in cost attributable to the BATA employees hired in FY 2005-06.

- Members pay 3.402% of eligible gross earnings (2.402% employer contribution and 1.00% employee contribution) to cover the full cost of the enhancement.

- MTC and members will share equally in payment for additional PERS increases, up to 2% above the Base Rate and the 3.402% enhancement cost, each paying up to an additional 1%.

- Per MOU agreement, any PERS contribution rate increases exceeding the additional 2% referenced above, will result in re-opening the MOU to determine further cost-sharing arrangements.

Annual Pension Cost

The required contribution for the year ended June 30, 2007 was $2,647,617 determined as part of the June 30, 2005 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 duration of service. Both (a) and (b) include an inflation component of 3.0 percent and an annual production growth of .25%. The actuarial value 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.

The following table shows the MTC's required contributions and the percentage contributed for the current year and each of the two preceding years:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2005	$ 1,190,870	100%
6/30/2006	$ 2,324,948	100%
6/30/2007	$ 2,647,617	100%

The MTC's funding progress information as of June 30, 2005 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, 2003	$ 43,680,162	$ 44,901,919	$ 1,221,757	97.3%	$ 11,177,301	10.9%
June 30, 2004	45,753,197	48,662,374	$ 2,909,177	94.0%	11,714,647	24.8%
June 30, 2005	49,691,002	55,528,976	$ 5,837,974	89.5%	11,623,784	50.2%

The latest available actuarial valuation was as of June 30, 2005 showing an under-funded status.

9. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

MTC's defined benefit postemployment healthcare plan provides medical benefits to eligible retired employees and their eligible dependants. 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.

MTC is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the California Public Employees' Retirement System (CalPERS) for provision of healthcare insurance programs for both active and retired employees.

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 actuarial liabilities (or funding excess) over a period not to exceed thirty years. MTC's payments of monthly retiree premiums of $353,378 were applied toward the required annual employer contribution of $2,155,931.

Annual OPEB Cost

MTC's annual Other Postemployement Benefit (OPEB) expense is based on the annual required contribution (ARC) of the employer less healthcare costs paid on behalf of its retirees. The following table represents annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation. This is the first year of implementation of the new GASB standard:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	$ 1,802,553	100%	$ -

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2006 was as follows:

Actuarial accrued liability (AAL)	$ 14,376,476
Actual value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 14,376,476
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 15,193,161
UAAL as a percentage of covered payroll	94.62%

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 Table 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.

In the July 1, 2006 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 6.0%, a return on assets of 5.0%, and an annual healthcare cost trend rate of 10% initially, reduced 1% annually to a rate of 5 % after 5 years based on the average employer premiums as of the valuation date.

The MTC's funding progress information as of June 30, 2007 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)
7/1/06	$ -	$ 14,376,476	$ 14,376,476	0.0%	$ 15,193,161	94.6%

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 is considered normal to the MTC's regional planning activities. MTC has established a $2.1 million reserve for such contingencies. 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.

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.

The 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 East Bay Rail Extension Reserve Account (the 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 (the FTA grant). MTC further agreed to allocate $16.5 million to BART from the West Bay Rail Extension Reserve Account (the 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 September 1, 1999, the San Francisco Bay Area Transit Financing Authority (the Authority), a joint powers agency, created pursuant to a joint exercise of powers agreement between BART and MTC, issued $65,650,000 in Bridge Toll Notes (the Notes). The Notes were paid in full and the outstanding bonds were retired in February 2007. Financial statements of the Authority can be obtained from BART, 300 Lakeside Drive, Oakland, California 94604.

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, 2015 with an interest rate of 3%. The amount of principal payments received is $13 million as of June 30, 2007.

For the year ended June 30, 2007, the total loan outstanding with BART is $47 million.

Fiscal Year	Principal Payments
2008	$ 5,000,000
2009	5,000,000
2010	8,000,000
2011	8,000,000
2012	8,000,000
2013	8,000,000
2014	5,000,000
	$ 47,000,000

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. EXTRAORDINARY ITEM – AB 144 IMPACT OF CONSOLIDATION OF BRIDGE TOLL REVENUE

On July 16, 2005, the California State Legislature approved Assembly Bill (AB) 144, which transferred toll administration responsibility from Caltrans to BATA. This transfer of responsibility includes:

- Consolidation of all toll revenue dollars, including the state seismic toll dollar for the seven bridges, under BATA administration.
- Creation of a new Caltrans, California Transportation Commission, and BATA Toll Bridge Project Oversight Board.
- Unlimited project-level toll-setting authority to complete the Seismic Retrofit Program and BATA's responsibilities under the "Act."

Caltrans had bonds outstanding issued by the California Infrastructure and Economic Development Bank (Ibank) which were backed by the revenue from the seismic toll dollar. The seismic toll dollar was set aside for completion of projects under the Seismic Retrofit Programs. Before the state owned seismic toll dollar could be transferred over to BATA, these bonds had to be defeased. This defeasance was considered an extraordinary item in fiscal year 2006. BATA issued bonds in April 2006 to handle this. Most of the bond proceeds were paid to Deutsche Bank National Trust Company to act as escrow agent for the defeasance of the Ibank bonds. These proceeds will be invested and will be used to pay the principal and interest of the Ibank bonds as they become due. With the payment of $1,119,562,683 to the escrow agent, BATA now owns all the bridge toll revenue from all the State owned Bay Area bridges.

In addition, BATA approved a financing plan of $6.2 billion in September 2005 to fund the new seismic retrofit and other bridge toll projects.

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
For the Year Ended June 30, 2007

Schedule I

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes for planning activities	$ 10,300,000	$ 10,300,000	$ 10,488,137	$ 188,137
Grants - Federal	55,569,273	57,282,913	33,606,619	(23,676,294)
Grants - State	1,856,620	5,906,620	4,348,726	(1,557,894)
Local Agencies Revenues	9,530,387	13,733,339	4,585,623	(9,147,716)
Investment Income	500,000	500,000	1,352,416	852,416
Total revenues	77,756,280	87,722,872	54,381,521	(33,341,351)
Expenditures				
Current:				
General Government	86,144,673	104,434,958	58,809,099	45,625,859
Allocations to Other Agencies	10,665,419	10,665,419	10,562,521	102,898
Capital outlay	905,026	905,026	905,026	-
Total expenditures	97,715,118	116,005,403	70,276,646	45,728,757
Deficiency of revenues under expenditures	(19,958,838)	(28,282,531)	(15,895,125)	12,387,406
Other financing sources				
Transfers in	17,226,922	25,550,614	18,696,014	(6,854,600)
Net change in fund balances	(2,731,916)	(2,731,917)	2,800,889	5,532,806
Fund balances - beginning	24,017,946	24,017,946	24,017,946	-
Fund balances - ending	$ 21,286,030	$ 21,286,029	$ 26,818,835	$ 5,532,806

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – AB 664 Net Toll Revenue Reserves Fund
For the Year Ended June 30, 2007

Schedule II

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Investment Income	$ -	$ -	$ 1,927,225	$ 1,927,225
Total Revenues	-	-	1,927,225	1,927,225
Expenditures				
Current:				
General Governement	-	-	4,108	(4,108)
Allocations to Other Agencies	41,888,531	41,888,531	8,814,785	33,073,746
Total expenditures	41,888,531	41,888,531	8,818,893	33,069,638
Deficiency of revenues under expenditures	(41,888,531)	(41,888,531)	(6,891,668)	34,996,863
Other financing sources				
Transfers in	11,957,106	11,957,106	11,322,328	(634,778)
Net change in fund balances	(29,931,425)	(29,931,425)	4,430,660	34,362,085
Fund balances - beginning	34,174,945	34,174,945	34,174,945	-
Fund balances - ending	$ 4,243,520	$ 4,243,520	$ 38,605,605	$ 34,362,085

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – State Transit Assistance Fund
For the Year Ended June 30, 2007

Schedule III

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Grants - State	$ 219,873,076	$ 220,340,817	$ 220,177,635	$ (163,182)
Investment Income	-	1,650,772	3,572,649	1,921,877
Total revenues	219,873,076	221,991,589	223,750,284	1,758,695
Expenditures				
Current:				
Allocations to Other Agencies	223,924,158	226,042,671	128,864,904	97,177,767
Total expenditures	223,924,158	226,042,671	128,864,904	97,177,767
Excess (deficiency) of revenues over (under) expenditures	(4,051,082)	(4,051,082)	94,885,380	98,936,462
Other financing sources / (uses)				
Transfers (out) / in	-	-	(13,286,608)	(13,286,608)
Net change in fund balances	(4,051,082)	(4,051,082)	81,598,772	85,649,854
Fund balances - beginning	36,697,257	36,697,257	36,697,257	-
Fund balances - ending	$ 32,646,175	$ 32,646,175	$ 118,296,029	$ 85,649,854

Metropolitan Transportation Commission
Schedules of Funding Progress
For the Year Ended June 30, 2007

Schedule IV

Pension Plan

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, 2003	$ 43,680,162	$ 44,901,919	$ 1,221,757	97.3%	$ 11,177,301	10.9%
June 30, 2004	45,753,197	48,662,374	$ 2,909,177	94.0%	11,714,647	24.8%
June 30, 2005	49,691,002	55,528,976	$ 5,837,974	89.5%	11,623,784	50.2%

Postemployment Benefits

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)
7/1/06	$ -	$ 14,376,476	$ 14,376,476	0.0%	$ 15,193,161	94.6%

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet – Other Governmental Funds
For the Year Ended June 30, 2007
Schedule 1

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Total Other Funds
Assets						
Cash and cash equivalents - unrestricted	$ 786,065	$ 10,309,111	$ 9,678,580	$ -	$ 46,932	$ 20,820,688
Cash and cash equivalents - restricted	-	-	-	23,231,394	-	23,231,394
Short term investments - unrestricted	-	14,927,997	-	-	-	14,927,997
Interest receivable	-	137,213	-	182,740	-	319,953
Total assets	$ 786,065	$ 25,374,321	$ 9,678,580	$ 23,414,134	46,932	$ 59,300,032
Liabilities and fund balances						
Liabilities						
Accounts payable	$ 132,781	$ -	$ 188,650	$ -	$ -	$ 321,431
Accrued liabilities	-	466	104,015	145	-	104,626
Due to other funds	38,757	850,517	310,252	-	-	1,199,526
Total liabilities	171,538	850,983	602,917	145	-	1,625,583
Fund balances						
Reserved for						
Capital Projects	439,249	-	6,368,600	23,413,989	122	30,221,960
Unreserved, reported in						
Special revenue funds	175,278	24,523,338	2,707,063	-	46,810	27,452,489
Total fund balances	614,527	24,523,338	9,075,663	23,413,989	46,932	57,674,449
Total liabilities and fund balances	$ 786,065	$ 25,374,321	$ 9,678,580	$ 23,414,134	$ 46,932	$ 59,300,032

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenses and Changes in Fund Balances – Other Governmental Funds
For the Year Ended June 30, 2007

Schedule 2

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Total Other Funds
Revenues						
Grants - State	$ 2,935,846	$ -	$ -	$ -	$ -	$ 2,935,846
Project grants from local agencies	-	10,000,000	400,000	22,680,000	-	33,080,000
Investment income	125,749	1,253,810	510,599	753,760	2,324	2,646,242
Total revenues	3,061,595	11,253,810	910,599	23,433,760	2,324	38,662,088
Expenditures						
Current:						
General government	-	1,661	-	19,771	-	21,432
Allocations to other agencies	3,794,436	3,316,926	855,935	-	-	7,967,297
Total expenditures	3,794,436	3,318,587	855,935	19,771	-	7,988,729
Excess / (deficiency) of revenues over / (under) expenditures	(732,841)	7,935,223	54,664	23,413,989	2,324	30,673,359
Other financing sources / uses						
Transfers in	906,243	9,099,483	-	-	-	10,005,726
Transfers out	-	-	(1,404,454)	-	-	(1,404,454)
Total other financing sources and uses	906,243	9,099,483	(1,404,454)	-	-	8,601,272
Net change in fund balances	173,402	17,034,706	(1,349,790)	23,413,989	2,324	39,274,631
Fund balances - beginning	441,125	7,488,632	10,425,453	-	44,608	18,399,818
Fund balances - ending	$ 614,527	$ 24,523,338	$ 9,075,663	$ 23,413,989	$ 46,932	$ 57,674,449

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Transit Reserves Fund
For the Year Ended June 30, 2007

Schedule 3

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Grants - State	$ 2,935,846	$ 2,935,846	$ 2,935,846	$ -
Local Agencies Revenues	-	-	-	-
Investment Income	-	-	125,749	125,749
Total revenues	2,935,846	2,935,846	3,061,595	125,749
Expenditures				
Current:				
Allocations to Other Agencies	4,237,078	4,237,078	3,794,436	442,642
Deficiency of revenues under expenditures	(1,301,232)	(1,301,232)	(732,841)	568,391
Other financing sources				
Transfers in	943,231	943,231	906,243	(36,988)
Net change in fund balances	(358,001)	(358,001)	173,402	531,403
Fund balances - beginning	441,125	441,125	441,125	-
Fund balances - ending	$ 83,124	$ 83,124	$ 614,527	$ 531,403

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Rail Reserves Fund
For the Year Ended June 30, 2007

Schedule 4

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Local Agencies Revenues	$ -	$ -	$ 10,000,000	$ 10,000,000
Investment Income	-	-	1,253,810	1,253,810
Total revenues	-	-	11,253,810	11,253,810
Expenditures				
Current:				
General Government	-	-	1,661	(1,661)
Allocations to Other Agencies	10,948,693	10,948,693	3,316,926	7,631,767
Total expenditures	10,948,693	10,948,693	3,318,587	7,630,106
Deficiency of revenues under expenditures	(10,948,693)	(10,948,693)	7,935,223	18,883,916
Other financing sources				
Transfers in	9,902,723	9,902,723	9,099,483	(803,240)
Net change in fund balances	(1,045,970)	(1,045,970)	17,034,706	18,080,676
Fund balances - beginning	7,488,632	7,488,632	7,488,632	-
Fund balances - ending	$ 6,442,662	$ 6,442,662	$ 24,523,338	$ 18,080,676

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual– Exchange Fund
For the Year Ended June 30, 2007

Schedule 5

	Budgeted Amounts			
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Local Agencies Revenues	$ -	$ -	$ 400,000	$ 400,000
Investment Income	-	-	510,599	510,599
Total revenues	-	-	910,599	910,599
Expenditures				
Current:				
Professional Fees	2,589,866	2,589,866	-	2,589,866
Allocations to Other Agencies	5,449,821	5,449,821	855,935	4,593,886
Total expenditures	8,039,687	8,039,687	855,935	7,183,752
Excess / (deficiency) of revenues over / (under) expenditures	(8,039,687)	(8,039,687)	54,664	(3,683,287)
Other financing sources / (uses)				
Transfers (out) / in	-	-	(1,404,454)	(1,404,454)
Net change in fund balances	(8,039,687)	(8,039,687)	(1,349,790)	(5,087,741)
Fund balances - beginning	10,425,453	10,425,453	10,425,453	-
Fund balances - ending	$ 2,385,766	$ 2,385,766	$ 9,075,663	$ (5,087,741)

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – BART Car Exchange Fund
For the Year Ended June 30, 2007

Schedule 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Project grants from local agencies	$ -	$ -	$ 22,680,000	$ 22,680,000
Investment income	-	-	753,760	753,760
Total revenues	-	-	23,433,760	23,433,760
Expenditures				
Current:				
General Government	-	-	19,771	(19,771)
Allocations to other agencies	-	-	-	-
Total expenditures	-	-	19,771	(19,771)
Excess of revenues over expenditures	-	-	23,413,989	23,413,989
Net change in fund balances	-	-	23,413,989	23,413,989
Fund balances - beginning			-	-
Fund balances - ending	$ -	$ -	$ 23,413,989	$ 23,413,989

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Feeder Bus Fund
For the Year Ended June 30, 2007

Schedule 7

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Investment income	$ -	$ -	$ 2,324	$ 2,324
Total revenues	-	-	2,324	2,324
Expenditures				
Current:				
Allocations to other agencies	121	121	-	121
Total expenditures	121	121	-	121
Excess / (deficiency) of revenues over / (under) expenditures	(121)	(121)	2,324	2,203
Net change in fund balances	(121)	(121)	2,324	2,203
Fund balances - beginning	44,608	44,608	44,608	-
Fund balances - ending	$ 44,487	$ 44,487	$ 46,932	$ 2,203

Metropolitan Transportation Commission
Schedule of Expenditures – Governmental General Fund
For the Year Ended June 30, 2007 — Schedule 8

Expenditures by natural classification:	
Salaries & benefits	$ 17,165,727
Travel	411,514
Professional fees	38,188,562
Overhead	1,809,527
Printing & reproduction	336,250
Other	897,519
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 58,809,099

Salaries & benefits - MTC	$ 13,499,360
Salaries & benefits - BATA	4,642,930
Salaries & benefits - SAFE*	860,590
Total salaries & benefits	$ 19,002,880

*SAFE salaries and benefits are excluded from direct salaries on Schedule 9.

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures – Governmental General Fund
For the Year Ended June 30, 2007 — Schedule 9

	Direct Costs*	Indirect Costs	Total
Salaries	$ 10,558,025	$ 2,250,493	$ 12,808,518
Benefits	7,584,265	1,415,873	9,000,138
TOTAL SALARIES AND BENEFITS	$ 18,142,290	$ 3,666,367	$ 21,808,656
Reimbursable overhead:			
Travel		$ 36,270	$ 36,270
Transit tickets		8,314	8,314
Training		27,248	27,248
Personnel recruitment		72,523	72,523
Public hearings		20,572	20,572
Advertising		19,108	19,108
Communications		142,443	142,443
Utilities		132,497	132,497
Meeting room rental		9,178	9,178
Equipment rental		636	636
Parking rental		14,016	14,016
Storage rental		18,924	18,924
Computer maintenance & repair		408,823	408,823
Auto expense		22,048	22,048
Equipment maintenance & repair		11,578	11,578
General maintenance		11,881	11,881
Janitorial service		108,804	108,804
Office supplies		95,867	95,867
Printing & graphics supplies		69,259	69,259
Computer supplies		53,040	53,040
Computer software		25,327	25,327
Computer hardware		82,725	82,725
Furniture & fixtures		47,512	47,512
Postage & mailing		91,766	91,766
Memberships		70,414	70,414
Library acquisitions & subscriptions		34,149	34,149
Law library		23,089	23,089
Computer time & services		16,898	16,898
Advisory member stipend		31,600	31,600
County auditor fees		14,956	14,956
Newswire service		13,655	13,655
Insurance		82,564	82,564
Miscellaneous		340	340
Subtotal		1,818,022	1,818,022
Over absorbed for year ended June 30, 2007		741,019	741,019
Carryforward provision for year ended June 30, 2005		(753,083)	(753,083)
Total indirect costs excluding depreciation expense		1,805,957	1,805,957
Depreciation expense		598,085	598,085
Total indirect costs		$ 2,404,043	$ 2,404,043

*Direct Costs exclude SAFE Salaries and Benefits per Indirect Cost Plan for FY 06-07

Metropolitan Transportation Commission
Schedule of Expenditures – Federal Highway Administration Grant No. 07OWPMTCM
For the Year Ended June 30, 2007

Schedule 10

		ABAG	MTC	Total
Authorized Expenditures				
Federal		$ 1,428,914	$ 8,103,000	$ 9,531,914
Local Match		163,896	929,414	1,093,310
Total authorized expenditures		1,592,810	9,032,414	10,625,224
Actual Expenditures *				
Assocation of Bay Area Governments (ABAG)		1,428,914	-	1,428,914
MTC				
Program No.	*Program Name*			
1112	Implement Public Information Program	-	1,103,174	1,103,174
1121	Develop and Produce the RTP	-	385,342	385,342
1122	Travel Models and Data	-	561,205	561,205
1124	Integrate MTS with National & International Trasportation	-	181,648	181,648
1125	Non-Motorized Transportation	-	28,697	28,697
1154	Graphics	-	362,335	362,335
1156	Library Services	-	359,189	359,189
1161	Computer Services	-	1,604,847	1,604,847
1211	MTS Management Strategies	-	43,103	43,103
1212	Develop MTS Performance Measures	-	138,143	138,143
1234	Arterial Operations Coordination	-	6,694	6,694
1311	Develop and Implement Welfare to Work Program	-	249,803	249,803
1412	Air Quality Conformity	-	218,755	218,755
1511	Financial Analysis and Planning	-	275,780	275,780
1512	Federal Programming, Monitoring and TIP Development	-	813,391	813,391
1513	Conduct Project Review	-	21,948	21,948
1514	Allocate Funds/Admin Assistance Program	-	312,485	312,485
1515	State Programming and Project Monitoring	-	311,395	311,395
Total Expenditures		1,428,914	6,977,934	8,406,848
Balance of Federal Highway Administration Grant		$ -	$ 1,125,066	$ 1,125,066

* Expenditures reported at federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund
For the Year Ended June 30, 2007

Schedule 11

	2007
Revenue	
Tolls	$ 422,354,852
Investment income	96,415,260
Other	5,988,978
Total revenue	524,759,090
Operating expenses	
Operating expenses	29,575,582
Services and charges	46,764,920
Depreciation and amortization	317,782
Total operating expenses	76,658,284
Net operating income	448,100,806
Debt service	131,438,684
Bond issuance costs	1,065,694
Income before grants & operating transfers	315,596,428
Caltrans/ other agency operating grants	275,590,146
Operating transfers	
Metropolitan Transportation Commission administrative transfers	5,188,212
Metropolitan Transportation Commission transit transfers	
AB 664 expenses	11,322,328
90% rail expenses	9,099,483
5% transit expenses	906,243
Transfers to Regional Measure 2 operators	24,268,599
Total operating transfers	50,784,865
Net income before capital transfers	540,401,709
Capital project transfers	
SAFE transfers	2,000,000
Regional Measure 1 transfers	150,873,904
Bridge rehabilitation transfers	23,239,153
Regional Measure 2 transfers	107,053,381
Bridge Seismic transfers	609,953,138
Transfers to other agencies	16,365,550
Total capital transfers	909,485,126
Net loss before contributions	(369,083,417)
Contributions	
Contributions from Caltrans	1,234,760
Contributions to Bay Area Infrastructure Financing Authority	(15,000,000)
Total contributions	(13,765,240)
Change in net assets	(382,848,657)
Total net assets/(deficits) - beginning	(1,291,475,198)
Total net assets/(deficits) - ending	$ (1,674,323,855)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund, *continued*
For the Year Ended June 30, 2007 — Schedule 11

Net revenue	$	448,100,806
Debt service	$	161,143,684
Debt service coverage[1]		2.78
Debt service coverage - bond covenant requirement		1.20
Net revenue	$	448,100,806
Debt service, operating expenses[2], operating transfer	$	288,269,051
Fixed charge coverage		1.55
Fixed charge coverage - bond covenant requirement		1.00
Net revenue plus operations & maintenance reserve	$	573,100,806
Fixed charges[3]	$	211,928,549
Fixed charge coverage		2.70
Fixed charge coverage - bond covenant requirement		1.25
Self insurance reserve	$	50,000,000
Self insurance reserve - bond covenant requirement	$	50,000,000
Caltrans Operations & maintenance reserve	$	125,000,000
Caltrans Operations & maintenance reserve - bond coverage requirement	$	59,151,164

[1] Based on debt outstanding from May 24, 2001, February 14, 2003, October 5, 2004, February 8, 2006, April 25, 2006 and May 15, 2007.

[2] Operating transfers exclude depreciation expense.

[3] Fixed charges comprise debt service and operating transfers.

Metropolitan Transportation Commission
Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – By Bridge
For the Year Ended June 30, 2007

Schedule 12

	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 by Caltrans	$77,320,278	$62,637,940	$ 9,905,926	$43,400,541	$ 141,806,435	$53,621,361	$ 33,662,371	$ 422,354,852
Other operating revenues	923,518	859,378	91,992	535,145	2,388,798	766,145	424,002	5,988,978
Total operating revenues	78,243,796	63,497,318	9,997,918	43,935,686	144,195,233	54,387,506	34,086,373	428,343,830
Operating expenses								
Operating expenditures incurred by Caltrans	4,090,439	4,054,125	1,554,190	2,643,871	11,130,421	3,695,590	2,406,946	29,575,582
Services and charges	8,417,686	7,014,738	935,298	4,676,492	15,900,073	6,079,440	3,741,193	46,764,920
Allocations to other agencies	4,368,348	3,640,290	485,372	2,426,860	8,251,323	3,154,918	1,941,488	24,268,599
Depreciation	57,201	47,667	6,356	31,778	108,045	41,312	25,423	317,782
Total operating expenses	16,933,674	14,756,820	2,981,216	9,779,001	35,389,862	12,971,260	8,115,050	100,926,883
Operating income	$61,310,122	$48,740,498	$ 7,016,702	$34,156,685	$ 108,805,371	$41,416,246	$ 25,971,323	$ 327,416,947

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds
For the Year Ended June 30, 2007 — Schedule 13

County of Alameda	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and cash equivalents	$ 17,760,412	65,198,453	69,576,844	$ 13,382,021
Receivables - interest	-	165,000	-	165,000
Total Assets	$ 17,760,412	65,363,453	69,576,844	$ 13,547,021
Liabilities				
Accounts payable	$ 5,124,366	62,569,286	67,239,397	$ 454,255
Accrued expenses	-	230,364	-	230,364
Due to other governments	12,636,046	2,563,803	2,337,447	12,862,402
Total Liabilities	$ 17,760,412	65,363,453	69,576,844	$ 13,547,021
County of Contra Costa				
Assets				
Cash and cash equivalents	$ 16,355,193	36,076,300	37,669,116	$ 14,762,377
Receivables - interest	-	24,276	-	24,276
Receivables - other	-	46,722	-	46,722
Total Assets	$ 16,355,193	36,147,298	37,669,116	$ 14,833,375
Liabilities				
Accounts payable	$ 392,287	36,699,122	36,561,264	$ 530,145
Accrued expenses	-	112,199	-	112,199
Due to other governments	15,962,906	(664,023)	1,107,852	14,191,031
Total Liabilities	$ 16,355,193	36,147,298	37,669,116	$ 14,833,375
County of Marin				
Assets				
Cash and cash equivalents	$ 2,206,420	11,019,026	11,954,540	$ 1,270,906
Receivables - interest	-	20,000	-	20,000
Total Assets	$ 2,206,420	11,039,026	11,954,540	$ 1,290,906
Liabilities				
Accounts payable	$ 828,539	10,688,470	11,517,009	$ -
Accrued expenses	-	23,010	-	23,010
Due to other governments	1,377,881	327,546	437,531	1,267,896
Total Liabilities	$ 2,206,420	11,039,026	11,954,540	$ 1,290,906

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds, *continued*
For the Year Ended June 30, 2007 — Schedule 13

County of Napa	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and cash equivalents	$ 10,774,928	7,559,207	6,292,834	$ 12,041,301
Total Assets	$ 10,774,928	7,559,207	6,292,834	$ 12,041,301
Liabilities				
Accounts payable	$ -	6,031,320	5,982,980	$ 48,340
Due to other governments	10,774,928	1,527,887	309,854	11,992,961
Total Liabilities	$ 10,774,928	7,559,207	6,292,834	$ 12,041,301
County of San Francisco				
Assets				
Cash and cash equivalents	$ 5,562,627	37,714,402	41,689,423	$ 1,587,606
Total Assets	$ 5,562,627	37,714,402	41,689,423	$ 1,587,606
Liabilities				
Accounts payable	$ 7,623	38,417,889	38,391,430	$ 34,082
Accrued expenses	-	4,861	-	4,861
Due to other governments	5,555,004	(708,348)	3,297,993	1,548,663
Total Liabilities	$ 5,562,627	37,714,402	41,689,423	$ 1,587,606
County of Santa Mateo				
Assets				
Cash and cash equivalents	$ 6,195,111	33,506,187	36,560,541	$ 3,140,757
Receivables - interest	-	47,018	-	47,018
Total Assets	$ 6,195,111	33,553,205	36,560,541	$ 3,187,775
Liabilities				
Accounts payable	$ 32,561	35,284,580	35,210,819	$ 106,322
Due to other governments	6,162,550	(1,731,375)	1,349,722	3,081,453
Total Liabilities	$ 6,195,111	33,553,205	36,560,541	$ 3,187,775
County of Santa Clara				
Assets				
Cash and cash equivalents	$ 11,203,908	87,326,013	85,530,009	$ 12,999,912
Total Assets	$ 11,203,908	87,326,013	85,530,009	$ 12,999,912
Liabilities				
Accounts payable	$ 691,524	82,758,574	78,441,790	$ 5,008,308
Accrued expenses	-	466,779	-	466,779
Due to other governments	10,512,384	4,100,660	7,088,219	7,524,825
Total Liabilities	$ 11,203,908	87,326,013	85,530,009	$ 12,999,912

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds, *continued*
For the Year Ended June 30, 2007

Schedule 13

County of Solano	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and cash equivalents	$ 12,163,863	16,494,476	17,956,684	$ 10,701,655
Total Assets	$ 12,163,863	16,494,476	17,956,684	$ 10,701,655
Liabilities				
Accounts payable	$ 105,482	18,704,416	17,294,304	$ 1,515,594
Accrued expenses	-	175,408	-	175,408
Due to other governments	12,058,381	(2,385,348)	662,380	9,010,653
Total Liabilities	$ 12,163,863	16,494,476	17,956,684	$ 10,701,655
County of Sonoma				
Assets				
Cash and cash equivalents	$ 17,991,560	21,106,976	23,045,618	$ 16,052,918
Total Assets	$ 17,991,560	21,106,976	23,045,618	$ 16,052,918
Liabilities				
Accounts payable	$ 576,043	21,997,229	22,237,709	$ 335,563
Accrued expenses	-	33,674	-	33,674
Due to other governments	17,415,517	(923,927)	807,909	15,683,681
Total Liabilities	$ 17,991,560	21,106,976	23,045,618	$ 16,052,918
AB 1107				
Assets				
Cash and cash equivalents	$ -	66,359,382	66,359,382	$ -
Total Assets	$ -	66,359,382	66,359,382	$ -
Liabilities				
Accounts payable	$ -	66,359,382	66,359,382	$ -
Total Liabilities	$ -	66,359,382	66,359,382	$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 100,214,022	382,360,422	396,634,991	$ 85,939,453
Receivables - interest	-	256,294	-	256,294
Receivables - other	-	46,722	-	46,722
Total Assets	$ 100,214,022	382,663,438	396,634,991	$ 86,242,469
Liabilities				
Accounts payable	$ 7,758,425	379,510,268	379,236,084	$ 8,032,609
Accrued expenses	-	1,046,295	-	1,046,295
Due to other governments	92,455,597	2,106,875	17,398,907	77,163,565
Total Liabilities	$ 100,214,022	382,663,438	396,634,991	$ 86,242,469

Metropolitan Transportation Commission
Schedule of Interest Rate Swap Summary – BATA Proprietary Fund
For the Year Ended June 30, 2007

Schedule 14

COUNTERPARTY	SERIES 2001	SERIES 2003	SERIES 2004	SERIES 2006 A-E	SERIES 2007	TOTAL	PERCENTAGE BY COUNTERPARTY	RATINGS (S&P/MOODYS)
Ambac	$150,000,000	$200,000,000	$300,000,000	$500,000,000	$420,000,000	$1,570,000,000	56%	AAA/Aaa
Citigroup/Citibank	$75,000,000	-	-	$225,000,000	$260,000,000	$560,000,000	20%	AA/Aaa
JP Morgan AAA ISDA	-	-	-	$245,000,000	$270,000,000	$515,000,000	18%	AAA/Aaa
Bank of America	-	-	-	$30,000,000	$50,000,000	$80,000,000	3%	AA+/Aaa
Morgan Stanley	$75,000,000	-	-	-	-	$75,000,000	3%	A+/Aa3
Total Swap Notional	$300,000,000	$200,000,000	$300,000,000	$1,000,000,000	$1,000,000,000	$2,800,000,000		

Termination Value	($13,954,926)	($9,365,179)	$7,132,936	$37,166,743	$38,018,778	$58,998,352

Average Basis Costs (FY 06-07)	(0.02%)	(0.15%)	0.03%	(0.25%)	N/A	(0.15%)*

* Weighted portfolio average (FY 06-07)

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2001, 2003 and 2004 – BATA Proprietary Fund
For the Year Ended June 30, 2007

Schedule 15

	SERIES A-2001	SERIES A-2001	SERIES B-2001	SERIES C-2001	SERIES 2003	SERIES 2004	TOTAL
Notional Amount	$75,000,000	$75,000,000	$75,000,000	$75,000,000	$200,000,000	$300,000,000	$800,000,000
Trade Date	1/10/2002	1/10/2002	1/10/2002	1/10/2002	5/7/2002	8/31/2004	
Swap Mode	65% One Mth LIBOR (1	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	65% One Mth LIBOR (1	65% One Mth LIBOR(1	54% One Mth LIBOR+0.54%	
Maturity	4/1/2036	4/1/2036	4/1/2029	4/1/2025	4/1/2038	4/1/2039	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	
All in Rate							
contracted cost =	4.0900%	4.1000%	4.1200%	4.1100%	4.1390%	3.4155%	
average series basis cost (FY 06-07)	-0.0200%	-0.0200%	-0.0200%	-0.0200%	-0.1500%	0.0300%	
liquidity/remarketing	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	
	4.3700%	4.3800%	4.4000%	4.3900%	4.2890%	3.7455%	
Counterparty (CP)	Morgan Stanley	Citigroup	Ambac	Ambac	Ambac	Ambac	
S&P/Moodys	A+/Aa3	AA/Aa1	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	
Ratings Outlook	Stable/Stable	Stable/Stable	Stable/Stable	Stable/Stable	Stable/Stable	Stable/Stable	
Termination Value							
Due from/(to) CP	($3,607,255)	($3,709,124)	($3,533,873)	($3,104,673)	($9,365,179)	$7,132,936	($16,187,168)
Credit Risk							
CP Collateral Posting (2)							
1a) CP < A+ (S&P)	No	No	No	No	No	No	
or							
1b) CP < Aa3 (Moodys)	No	No	No	No	No	No	
and							
2) Termination Value >$10,000,000	No	No	No	No	No	No	
Termination Risk (3)	No	No	No	No	No	No	
Tax Risk	Yes	Yes	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	No	No	
Amortization Risk	No	No	No	No	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
For the Year Ended June 30, 2007

Schedule 16

	SERIES A 2006	SERIES B 2006	SERIES 2006	SERIES 2006	TOTAL
Trade Date	$245,000,000	$225,000,000	$500,000,000	$30,000,000	$1,000,000,000
Trade Date	11/15/2005	11/15/2005	11/15/2005	11/15/2005	
Swap Mode	67.8% 10 Yr LIBOR CMS (1)	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	
	75.105% One Mth LIBOR				
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Basis Cost	Yes	Yes	Yes	Yes	
All in Rate					
contracted cost =	4.0000%	3.6375%	3.6468%	3.6330%	
average series basis cost (FY 06-07)	-0.2500%	-0.2500%	-0.2500%	-0.2500%	
liquidity/remarketing	0.3000%	0.3000%	0.3000%	0.3000%	
	4.0500%	3.6875%	3.6968%	3.6830%	
Counterparty (CP)	JP Morgan AAA ISDA	Citibank	Ambac	Bank of America	
S&P/Moodys	AAA/Aaa	AA+/Aaa	AAA/Aaa	AA+/Aaa	
Ratings Outlook	N/A	Stable/Stable	Stable/Stable	Stable/Stable	
Termination Value					
Due from/(to) CP	$10,049,928	$6,768,880	$19,138,946	$1,208,989	$37,166,743
Credit Risk					
CP Collateral Posting (2)					
1a) CP < A+ (S&P)	No	No	No	No	
or					
1b) CP < Aa3 (Moodys)	No	No	No	No	
and					
2) Termination Value >$10,000,000	Yes	No	Yes	No	
Collateral Posted by CP	$24,881,657 (3)				
Termination Risk (4)	No	No	No	No	
Tax Risk	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	
Amortization Risk	No	No	No	No	

(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 4/1/2036
(2) Unilateral collateral posting by CP
(3) Collateral posted by CP under terms and conditions of JP Morgan ISDA; $0 threshold regardless of ratings
(4) Unilateral termination at BATA's discretion

Metropolitan Transportation Commission
Schedule of Interest Rate Forward Swap for Series 2007 – BATA Proprietary Fund
For the Year Ended June 30, 2007

Schedule 17

	SERIES A 2007	SERIES B 2007	SERIES 2007	SERIES 2007	TOTAL
Notional Amount	$270,000,000	$260,000,000	$420,000,000	$50,000,000	$1,000,000,000
Trade Date	11/30/2005	11/30/2005	11/30/2005	11/30/2005	
Effective Date (5)	11/1/2007	11/1/2007	11/1/2007	11/1/2007	
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	
Maturity	4/1/2046	4/1/2047	4/1/2047	4/1/2047	
Basis Cost	Yes	Yes	Yes	Yes	
All in Rate					
contracted cost	4.0000%	3.6360%	3.6407%	3.6255%	
Counterparty (CP)	JP Morgan AAA ISDA	Citibank	Ambac	Bank of America	
S&P/Moodys	AAA/Aaa	AA+/Aaa	AAA/Aaa	AA+/Aaa	
Ratings Outlook	N/A	Stable/Stable	Stable/Stable	Stable/Stable	
Termination Value					
Due from/(to) CP	$11,505,683	$7,912,337	$16,524,028	$2,076,729	$38,018,777
Credit Risk					
CP Collateral Posting (2)					
1a) CP < A+ (S&P)	No	No	No	No	
or					
1b) CP < Aa3 (Moodys)	No	No	No	No	
and					
2) Termination Value > $10,000,000	Yes	No	Yes	No	
Colleral Posted by CP	$23,971,152 (3)				
Termination Risk (4)	Yes	Yes	Yes	Yes	
Market Access Risk	Adverse Market Conditions May Affect BATA's Ability to Finance and Deliver $1 Billion in Bonds Prior to 11/1/07	Adverse Market Conditions May Affect BATA's Ability to Finance and Deliver $1 Billion in Bonds Prior to 11/1/07	Adverse Market Conditions May Affect BATA's Ability to Finance and Deliver $1 Billion in Bonds Prior to 11/1/07	Adverse Market Conditions May Affect BATA's Ability to Finance and Deliver $1 Billion in Bonds Prior to 11/1/07	
Tax Risk	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	
Amortization Risk	No	No	No	No	

(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 JP Morgan AAA ISDA; $0 threshold regardless of ratings
(4) Unilateral termination at BATA's discretion upon financing and delivery of $1 billion bonds
(5) Forward swap executed in 2005 with an effective trade date of 11/1/07

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.

Contents **Page**

Metropolitan Transportation Commission
Net Assets (deficit) by Component
By Fiscal Year

Table 1

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	$ 3,465,851	$ 3,145,598	$ 2,945,486	$ 6,050,609	$ 5,826,876	$ 6,015,009
Restricted	101,516,139	123,408,092	116,531,998	104,451,116	117,116,581	157,234,149
Unrestricted	63,366,428	37,498,779	35,169,154	49,795,285	50,970,344	130,204,819
Total governmental activities net assets	$ 168,348,418	$ 164,052,469	$ 154,646,638	$ 160,297,010	$ 173,913,801	$ 293,453,977
Business-type activites						
Invested in capital assets, net of related debt	$ 1,273,731	$ 2,137,004	$ 1,885,998	$ 4,895,382	$ 5,539,155	$ 5,596,330
Restricted	125,000,000	130,000,000	175,000,000	257,670,228	643,443,555	691,734,520
Unrestricted	288,980,936	40,209,942	(320,399,132)	(592,302,986)	(1,914,339,559)	(2,347,409,692)
Total business-type activities net assets	$ 415,254,667	$ 172,346,946	$ (143,513,134)	$ (329,737,376)	$ (1,265,356,849)	$ (1,650,078,842)
Primary government						
Invested in capital assets, net of related debt	$ 4,739,582	$ 5,282,602	$ 4,831,484	$ 10,945,991	$ 11,366,031	$ 11,611,339
Restricted	226,516,139	253,408,092	291,531,998	362,121,344	760,560,136	848,968,669
Unrestricted	352,347,364	77,708,721	(285,229,978)	(542,507,701)	(1,863,369,215)	(2,217,204,873)
Total primary government net assets	$ 583,603,085	$ 336,399,415	$ 11,133,504	$ (169,440,366)	$ (1,091,443,048)	$ (1,356,624,865)

Metropolitan Transportation Commission
Changes in Net Assets
By Fiscal Year

Table 2

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	$ 45,894,987	$ 48,570,719	$ 47,237,837	$ 47,451,629	$ 63,297,372	$ 93,884,140
Transportation	92,787,010	105,152,624	81,873,193	71,885,313	87,731,178	145,646,986
Total governmental activities expenses	138,681,997	153,723,343	129,111,030	119,336,942	151,028,550	239,531,126
Business-type activities:						
Toll bridge activites	$ 347,029,659	$ 390,063,272	$ 451,929,596	$ 433,703,072	$ 617,546,375	$ 1,155,916,387
Congestion Relief	9,251,327	10,375,587	10,869,417	11,788,922	12,401,445	16,891,976
Total business-type activities expenses	356,280,986	400,438,859	462,799,013	445,491,994	629,947,820	1,172,808,363
Total primary government expenses	$ 494,962,983	$ 554,162,202	$ 591,910,043	$ 564,828,936	$ 780,976,370	$ 1,412,339,489
Program Revenues						
Governmental activities:						
Charges for services						
Operating grants and contributions	$ 47,068,942	$ 48,068,323	$ 49,973,776	$ 50,164,492	$ 57,641,452	$ 320,311,068
Capital grants and contributions	64,472,632	72,344,529	42,343,900	44,957,468	70,769,703	-
Total governmental activities program revenues	111,541,574	120,412,852	92,317,676	95,121,960	128,411,155	320,311,068
Business-type activities:						
Charges for services	150,127,560	151,914,404	152,936,898	256,466,211	292,999,899	434,341,478
Operating grants and contributions	7,068,363	7,073,668	6,717,919	8,129,406	8,868,243	283,081,628
Capital grants and contributions	-	-	-	-	499,403,240	1,234,760
Total business-type activities program revenues	157,195,923	158,988,072	159,654,817	264,595,617	801,271,382	718,657,866
Total primary government program revenues	$ 268,737,497	$ 279,400,924	$ 251,972,493	$ 359,717,577	$ 929,682,537	$1,038,968,934
Net (expense)/revenue						
Governmental activities	$ (27,140,423)	$ (33,310,491)	$ (36,793,354)	$ (24,214,982)	$ (22,617,395)	$ 80,779,942
Business-type activities	(199,085,063)	(241,450,787)	(303,144,196)	(180,896,377)	171,323,562	(454,150,497)
Total primary government net expense	$ (226,225,486)	$(274,761,278)	$ (339,937,550)	$ (205,111,359)	$ 148,706,167	$ (373,370,555)

Metropolitan Transportation Commission
Changes in Net Assets, *continued*
By Fiscal Year

Table 2

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Restricted investment earnings	$ 4,374,608	$ 1,764,255	$ 1,089,784	$ 2,790,946	$ 3,996,455	$ 9,498,532
Unrestricted investment earnings	-	-	-	-	-	1,410,000
Transfers	27,012,806	27,250,287	26,297,739	27,074,408	32,237,731	27,851,702
Total governmental activities	31,387,414	29,014,542	27,387,523	29,865,354	36,234,186	38,760,234
Business-type activities:						
Unrestricted Investment Earnings	45,598,476	25,793,353	11,184,788	21,746,543	44,857,379	97,280,206
Contributed Capital	-	-	2,397,067	-	-	-
Extraordinary item	-	-	-	-	(1,119,562,683)	-
Transfers	(27,012,806)	(27,250,287)	(26,297,739)	(27,074,408)	(32,237,731)	(27,851,702)
Total business-type activities	18,585,670	(1,456,934)	(12,715,884)	(5,327,865)	(1,106,943,035)	69,428,504
Total primary government	$ 49,973,084	$ 27,557,608	$ 14,671,639	$ 24,537,489	$ (1,070,708,849)	$ 108,188,738
Change in Net Assets						
Governmental activities	$ 4,246,991	$ (4,295,949)	$ (9,405,831)	$ 5,650,372	$ 13,616,791	$ 119,540,176
Business-type activities	(180,499,393)	(242,907,721)	(315,860,080)	(186,224,242)	(935,619,473)	(384,721,993)
Total primary government	$ (176,252,402)	$(247,203,670)	$ (325,265,911)	$ (180,573,870)	$ (922,002,682)	$ (265,181,817)

Metropolitan Transportation Commission
Fund Balances of Governmental Funds
By Fiscal Year

Table 3

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
General fund						
Reserved	$ 15,989,184	$ 25,259,128	$ 20,309,372	$ 15,646,616	$ 15,185,963	$ 13,948,767
Unreserved	13,244,454	1,953,023	4,133,130	5,591,303	8,831,983	12,870,068
Total general fund	$ 29,233,638	$ 27,212,151	$ 24,442,502	$ 21,237,919	$ 24,017,946	$ 26,818,835
All other governmental funds						
Reserved	$ 53,086,955	$ 58,213,964	$ 48,412,626	$ 43,938,244	$ 44,930,618	$ 97,455,080
Unreserved, reported in:						
Capital projects fund	-	-	-	-	-	96,048
Special revenue funds	50,193,913	35,600,753	31,072,469	35,031,655	44,556,177	117,238,703
Total all other governmental funds	$103,280,868	$ 93,814,717	$ 79,485,095	$ 78,969,899	$ 89,486,795	$214,789,831

Metropolitan Transportation Commission
Changes in Fund Balances of Governmental Funds
By Fiscal Year

Table 4

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
Revenues						
Sales taxes	$ 9,326,567	$ 8,903,326	$ 9,087,510	$ 9,561,542	$ 10,355,069	$ 10,626,162
Grants - Federal	24,334,055	28,128,978	30,979,398	32,567,639	37,451,720	44,210,716
Grants - State	71,062,002	77,008,623	45,820,602	47,339,486	74,084,265	227,808,567
Local Agencies Revenues	6,818,950	6,371,924	6,430,166	5,653,293	6,520,101	37,665,623
Investment income	4,374,608	1,764,255	1,089,784	2,790,946	3,996,455	9,498,532
Total revenues	115,916,182	122,177,106	93,407,460	97,912,906	132,407,610	329,809,600
Expenditures						
General government	45,502,050	48,211,613	44,957,866	38,805,441	49,944,701	59,181,464
Allocation to other agencies	100,528,010	112,647,623	91,680,593	81,184,603	95,764,677	156,209,507
Capital outlay	209,565	55,795	166,011	10,539,500	5,639,040	14,166,406
Total expenditures	146,239,625	160,915,031	136,804,470	130,529,544	151,348,418	229,557,377
Excess of revenues over (under) expenditures	(30,323,443)	(38,737,925)	(43,397,010)	(32,616,638)	(18,940,808)	100,252,223
Other financing sources (uses)						
Transfer in	35,874,919	31,377,569	29,963,801	29,374,731	35,979,668	42,542,764
Transfer out	(8,862,113)	(4,127,282)	(3,666,062)	(2,300,323)	(3,741,937)	(14,691,062)
Total other financing sources (uses)	27,012,806	27,250,287	26,297,739	27,074,408	32,237,731	27,851,702
Net change in fund balances	$ (3,310,637)	$ (11,487,638)	$ (17,099,271)	$ (5,542,230)	$ 13,296,923	$ 128,103,925

Metropolitan Transportation Commission
Primary Government Revenues
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
1998		142,325,259	17,980,234	N/A	-	40,482,734	$ 200,788,227
1999		142,457,747	22,522,983	N/A	-	41,034,464	$ 206,015,194
2000		146,570,469	31,848,657	36,779,136	-	44,447,110	$ 259,645,372
2001	*	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	**	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	***	256,466,211	48,732,356	44,957,468	-	24,537,489	$ 374,693,524
2006	****	292,999,899	66,509,695	570,172,943	-	48,853,834	$ 978,536,371
2007	*****	434,341,478	603,392,696	1,234,760	1,410,000	106,778,738	$ 1,147,157,672

* Excludes $400 million bond proceeds
** Excludes $300 million bond proceeds
*** Excludes $300 million bond proceeds
**** Excludes $2,149 million bond proceeds
***** Excludes $811 million bond proceeds

Metropolitan Transportation Commission
Primary Government Expenses by Function
By Fiscal Year

Table 6

Fiscal Year	General Government	Allocations to Other Agencies	Toll Bridge Activities	Congestion Relief	Total
1998	$ 18,526,363	$ 35,212,654	$ 52,105,544	$ 9,890,973	$ 115,735,534
1999	21,079,858	14,650,657	85,250,887	10,921,898	131,903,300
2000	29,698,823	185,263,198	33,982,565	11,849,116	260,793,702
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

Metropolitan Transportation Commission
Toll Revenue – By Bridge
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

Metropolitan Transportation Commission
Paid and Free Vehicles – By Bridge (in Number of Vehicles)
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

Metropolitan Transportation Commission
Average Toll Rate Revenue ($000) – By Bridge
By Fiscal Year

Table 9

	2007			2006			2005			2004			2003			2002		
	No. of Paid Vehicle	Average Toll Rate	Total Revenue	No. of Paid Vehicle	Average Toll Rate	Total Revenue	No. of Paid Vehicle	Average Toll Rate	Total Revenue	No. of Paid Vehicle	Average Toll Rate	Total Revenue	No. of Paid Vehicle	Average Toll Rate	Total Revenue	No. of Paid Vehicle	Average Toll Rate	Total Revenue
San Francisco Bay Bridge	45,569	$3.11	$141,806	46,254	$2.03	$94,093	48,093	$1.79	$85,880	49,181	$0.98	$48,360	49,413	$0.99	$48,788	50,081	$0.97	$48,549
San Mateo Hayward Bridge	16,902	3.17	53,621	16,948	2.10	35,638	16,552	1.83	30,370	16,717	1.06	17,799	15,772	1.06	16,690	15,183	1.05	15,887
Dumbarton Bridge	11,108	3.03	33,662	10,957	1.99	21,839	10,780	1.72	18,559	11,183	0.97	10,850	11,539	0.96	11,114	12,276	0.94	11,549
Carquinez Bridge	22,763	3.40	77,320	22,710	2.28	51,767	23,103	2.01	46,459	23,610	1.17	27,665	23,306	1.18	27,475	23,136	1.16	26,948
Benicia Martinez Bridge	18,230	3.44	62,638	18,292	2.27	41,579	18,262	2.00	36,530	18,775	1.18	22,070	18,518	1.18	21,793	18,412	1.17	21,491
Antioch Bridge	2,729	3.63	9,906	2,688	2.48	6,675	2,676	2.19	5,851	2,659	1.36	3,619	2,523	1.36	3,422	2,480	1.36	3,369
Richmond San Rafael Bridge	12,665	3.43	43,401	12,646	2.27	28,686	12,544	1.95	24,493	13,037	1.14	14,814	13,062	1.14	14,918	13,037	1.12	14,544

Metropolitan Transportation Commission
Ratios of General Bonded Debt Outstanding
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	3,149,205,000	24,148,268	3,125,056,732	280,276,856	23.95
2007	3,960,155,000	24,148,268	3,936,006,732	422,354,852	30.28

* No Debt prior to 2001

** Bonded debt rep 99% of all outstanding debt

Metropolitan Transportation Commission
Pledged-Revenue Coverage
By Fiscal Year

Table 11

Tolls 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	91,120,000	131,438,684	1.44

Metropolitan Transportation Commission
Miscellaneous Statistics
June 30, 2007 — 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	7,204,492
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge Highway District)	129,966,228
Toll Revenues (excluding Golden Gate Bridge Highway District)	$422,354,852
Number of Call Boxes in the Region	2,152

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties
Last Ten Calendar Years — Table 13

Year	Population[1]	Per Capita Income[4]	Median Age[4]	School Enrollment[2]	Unemployment Rate[3]
1998	6,566,100	N/A	N/A	955,843	3.52%
1999	6,658,500	N/A	N/A	968,039	3.02%
2000	6,764,500	30,934	36.6	975,710	2.50%
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%

Data Sources

[1] State of California, Dept. of Finance, Demographic Research Unit

[2] California Department of Education

[3] State of California, Employment Development Department

[4] 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
Last Ten Fiscal Years

Table 14

Functions	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities										
General government	50	52	57	58	58	56	55	56	65	65
Transportation	52	53	53	58	58	59	59	58	68	68
Business-type Activities										
Toll bridge activities	3	6	6	8	8	9	9	10	30	30
Congestion relief	4	5	5	5	5	5	6	6	6	6
	109	116	121	129	129	129	129	130	169	169

Metropolitan Transportation Commission
Ratio of Retiree Medical Premium to Covered Payroll
By Fiscal Year

Table 15

Fiscal Year	Retiree Premiums	Covered Payroll		% of Covered Payroll
2000	$ 77,882	$ 8,383,503	*	0.9%
2001	99,109	9,035,190	*	1.1%
2002	120,377	10,346,350	*	1.2%
2003	152,096	11,177,301	*	1.4%
2004	217,975	11,289,637	*	1.9%
2005	268,105	11,694,664	*	2.3%
2006	308,512	12,687,014	*	2.4%
2007	353,378	15,193,161	*	2.3%

* From MTC records

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APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Master Indenture, dated as of May 1, 2001, as supplemented, including as supplemented by the Twelfth Supplemental Indenture, dated as of August 1, 2008 (hereinafter collectively referred to as the "Indenture"), between the Bay Area Toll Authority and Union Bank of California, N. A., as trustee. Such summary does not purport to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. See "DESCRIPTION OF THE SERIES 2008 F-1 BONDS" AND "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008 F-1 BONDS." All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

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 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 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 Bonds is not due until the final stated maturity of such Bonds, principal and interest on such 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 Bonds;

(iii) if the 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 Bonds constitute variable interest rate Bonds, the interest rate on such variable interest rate Bonds shall be assumed to be 110% of the greater of (a) the daily average interest rate on such Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been Outstanding, or (b) the rate of interest on such Bonds on the date of calculation;

(v) if Bonds proposed to be issued will be variable interest rate Bonds the interest on which is excluded from gross income for federal income tax purposes, then such Bonds shall be assumed to bear interest at an interest rate equal to 110% of the average SIMFA Swap Index during the three (3) months preceding the month of sale of such Bonds, or if SIMFA 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 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 Bonds proposed to be issued will be variable interest rate Bonds the interest on which is included in gross income for federal income tax purposes, then such 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 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 Bonds are, or will be, upon issuance part of a Commercial Paper Program, the principal of such 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 Bonds;

(viii) notwithstanding subsections (iv), (v), (vi) or (vii) above, with respect to any variable interest rate Bonds or any commercial paper, if (A) the interest rate on such variable interest rate 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 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 Bonds or commercial paper), the variable interest rate 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 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 Bonds, if (A) the interest rate on such fixed rate 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 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 Bonds), the fixed interest rate 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 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 Bonds shall be excluded to the extent such payments are to be paid from amounts then currently on deposit with the 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 Bonds held by the 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 Administrative Costs" means the amount which the Authority may retain on an annual basis, after payment of debt service on Outstanding 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 2008 Series F-1 Bonds, $5,000 and any integral multiple thereof.

"Authorized Representative" means the Executive Director, the Deputy Executive Director, the Manager of Finance 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 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 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 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 Bonds issued under a book-entry only depository system as provided in the 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 Indenture.

"Bond Register" means the registration books for the ownership of Bonds maintained by the Trustee pursuant to the Indenture.

"Bondholder" or "Holder" or "Owner" means the record owner of any Bond shown on the books of registration kept by the Trustee, which, during any period when ownership of the Bond is determined by book entry at a Securities Depository, shall be the Securities Depository.

"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 Indenture.

"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.

"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 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 Bonds having the characteristics of commercial paper (i) in that such Bonds have a stated maturity not later than 270 days from their date of issue and (ii) that maturing Bonds of such program may be paid with the proceeds of renewal Bonds.

"Construction Fund" means, with respect to the Initial Bonds, the Initial Bonds Construction Fund created pursuant to the Indenture, and means, with respect to any other Series of Bonds, a similar fund established in the Supplemental Indenture providing for the issuance of such Series of Bonds.

"Continuing Disclosure Agreement" means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, entered into by the Authority, the Trustee and the Dissemination Agent, as the same may be supplemented, modified or amended in accordance with its terms.

"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 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 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 Bonds, surety, insurance, liquidity and credit enhancements costs, and any other cost, charge or fee incurred in connection with the issuance of 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 Bonds and any successor to such provider or providers, or any replacement therefor.

"Credit Support Agreement" means, with respect to any Credit Support Instrument for a Series of Bonds, the agreement or agreements (which may be the Credit Support Instrument itself) between the Authority or the 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 Bonds, as the as same may be amended from time to time pursuant to its terms, and any replacement therefor.

"Current Interest Bonds" means Bonds the interest rate on which is fixed on the date of issuance of such Bonds at a single numerical rate for the entire term of the Bonds and which pay interest semiannually to the Owners thereof excluding the first payment of interest thereon.

"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.

"Dissemination Agent" means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Trustee, acting its capacity as dissemination agent under the Continuing Disclosure Agreement delivered in connection with such Series of Bonds, or any successor dissemination agent designated in writing by the Authority and which has filed a written acceptance with the 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 Indenture.

"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 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 Bonds.

"Fees and Expenses Fund" means the fund by that name created pursuant to the 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 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.

"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.

"Indenture" or "Master Indenture" means the Master Indenture, dated as of May 1, 2001, between the Authority and the Trustee, as the same may be amended or supplemented from time to time as permitted thereby, including as supplemented by the Twelfth Supplemental Indenture.

"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.

"Initial 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 Indenture.

“Interest Payment Date” means with respect to the 2008 Series F-1 Bonds, April 1 and October 1 of each year until the redemption or maturity of such 2008 Series F-1 Bonds, commencing October 1, 2008.

“Issue Date” means, with respect to the 2008 Series F-1 Bonds, the date on which the 2008 Series F-1 Bonds are first delivered to the purchasers thereof.

“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 Bonds then Outstanding, as calculated by the Authority, utilizing the assumptions set forth under the definition of Annual Debt Service.

“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 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 Indenture.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except: (i) Bonds canceled or delivered for cancellation at or prior to such date; (ii) Bonds deemed to be paid in accordance with the provisions of the Indenture; (iii) Bonds in lieu of which others have been authenticated under the Indenture; and (iv) all Bonds held by or for the account of the Authority.

"Paired Obligations" shall mean any Series (or portion thereof) of 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.

"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 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).

"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 Bonds.

"Participating Underwriter" means any of the original underwriters of any Series of Bonds required to comply with Rule 15c2-12.

"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 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 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 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 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 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 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 Trustee with an undertaking satisfactory to the 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 Trustee shall be entitled to rely on each such undertaking;

(xii) any cash sweep or similar account arrangement of or available to the 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 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 Indenture;

(xvii) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds that such investment will not adversely affect such rating agency's rating on such Bonds; and

(xviii) any other investment approved in writing by each Credit Provider then providing a Credit Support Instrument for any Series of 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 Indenture.

"Principal Office" means, with respect to the Trustee, the corporate trust office of the 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 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 Trustee and the Authority.

"Project" means, with respect to a Series of 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 Bonds, as more fully described in the Supplemental Indenture providing for the issuance of such Series of Bonds and the Tax Certificate delivered in connection with such Series of Bonds.

"Qualified Swap Agreement" means a contract or agreement, intended to place such Series of 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 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 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 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.

"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 Bonds to the effect that, following the event which requires the Rating Confirmation, the then current rating for such Series of 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 Indenture.

"Record Date" means the fifteenth day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

"Redemption Date" means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

"Redemption Fund" means the fund by that name created pursuant to the Indenture.

"Redemption Price" means, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the 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.

"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 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 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 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 Indenture.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the lesser of: (i) Maximum Annual Debt Service on all Bonds then Outstanding; and (ii) 125% of average Annual Debt Service on all Bonds then Outstanding; provided that with respect to a Series of variable rate 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 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 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 Indenture and held by the Authority; (iii) all amounts on deposit in the funds and accounts established pursuant to the Indenture and held by the 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 Indenture and held by the 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.

"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 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.

"Series" means all 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 Trustee and effective from such date.

"Sinking Fund Installment" means, with respect to any Series of Bonds, each amount so designated for the Term Bonds of such Series in the Supplemental Indenture providing for the issuance of such Series of Bonds requiring payments by the Authority to be applied to the retirement of such Series of 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.

“Subordinate Obligations” means any obligations of the Authority secured by and payable from Revenue on a basis which is subordinate to the Bonds and 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 Indenture.

“Subordinated Maintenance Expenditures” means maintenance expenditures that are required by California Streets and Highways Code Section 188.4 to be funded with Bridge Toll Revenues remaining after provision is made for payment of all obligations secured by the lien on Bridge Toll Revenues created by Section 30960(b) of the Act.

“Supplemental Indenture” means any indenture executed and delivered by the Authority and the 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 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 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 Bonds, which Sinking Fund Installments are calculated to retire such Bonds on or before their specified maturity dates.

"Toll Coverage Calculation Date" means the date the Authority computes the coverage ratios required to be computed pursuant to the provisions of the 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.

"Twelfth Supplemental Indenture" means the Twelfth Supplemental Indenture, dated as of August 1, 2008, between the Authority and the Trustee, as amended and supplemented from time to time.

"2008 Series F-1 Bonds" means the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-1, authorized by Article LXXIX of the Indenture.

"2008F-1 Bonds Costs of Issuance Fund" means the 2008F-1 Bonds Costs of Issuance Fund established pursuant to the Indenture.

"2008F-1 Bonds Delivery Certificate" means the certificate or certificates to be prepared and executed by an Authorized Representative pursuant to the Indenture in connection with the delivery of the 2008 Series F-1 Bonds.

"2008F-1 Bonds Tax Certificate" shall mean that certain Tax Certificate executed on behalf of the Authority in connection with the issuance of the 2008 Series F-1 Bonds and relating to the requirements of the Code.

"2008F-1 Refunded Bonds" mean the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2003 Series A, 2003 Series B, 2006 Series A-1, 2006 Series D-2, 2006 Series E-1, 2007 Series B-1, 2007 Series D-1, 2007 Series E-1 and 2007 Series E-2.

"Written Request of the Authority" means an instrument in writing signed by an Authorized Representative.

THE INDENTURE

Statutory Lien, Pledge of State, Pledge of Revenue and 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 Act in favor of the Bondholders to secure all amounts due on the Bonds and in favor of any provider of credit enhancement for the Bonds to secure all amounts due to that provider with respect to those Bonds. Pursuant to Section 30960 of the Act, such lien, subject to expenditures for operation and maintenance of the Bay Area Bridges and to expenses related to the collection of tolls as authorized in Section 30960(c) of the Act and as provided by the Indenture, shall immediately attach to the Bridge Toll Revenues as such Bridge Toll Revenues are received by the Authority and will 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 Bonds are paid in full or provision made therefor, and the Bay Area Bridges will 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 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 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 Bonds or any such parties until the 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 Bonds) held by the Trustee in each fund and account established under the 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 Bonds, Parity Obligations and Reserve Facility Costs, subject only to the provisions of the 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 Bonds, without any physical delivery or further act and will be irrevocable until all Bonds, Parity Obligations and Reserve Facility Costs are no longer outstanding.

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 Bonds or amounts due on Parity Obligations, as provided in the Indenture, the Authority is to transfer to the 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 Trustee in the Bond Fund which the 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 Indenture. On or before the date when principal and interest on the Bonds and amounts due on Parity Obligations are due and payable, the Trustee is to transfer from the Bond Fund and deposit into the following respective accounts (each of which the 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 Trustee is to set aside in the Interest Account in the manner and at the times specified in the Indenture amounts sufficient to pay the interest on the Bonds and Parity Obligations as and when due. Moneys in the Interest Account are to be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds and Parity Obligations as such interest becomes due and payable, provided that moneys in any separate account established to pay interest on a Series of Bonds is to be used and withdrawn solely to pay interest on such Bonds as and when due.

(2) Principal Account. The Trustee is to set aside in the Principal Account in the manner and at the times specified in the Indenture amounts sufficient to pay the principal of 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 Trustee solely for the purpose of paying principal of the 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 Bonds are to be used and withdrawn solely to pay principal of such 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 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 Bonds, an amount equal to the Reserve Requirement for such Bonds is required to be deposited in the Reserve Fund. Moneys in the Reserve Fund are to be used and withdrawn by the Trustee solely for the purposes of paying principal and interest on the 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 Bonds then Outstanding or, for the payment of the final principal and interest payment of a Series of 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 Trustee has withdrawn moneys in the Reserve Fund for the purpose of paying principal and interest on the Bonds when due as provided pursuant to the provisions of the Indenture described in the immediately preceding paragraph, the 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 Trustee by the Authority, is to transfer to the 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 Trustee of a deficiency in the Reserve Fund due to any required valuation of investments in the Reserve Fund provided by the Trustee pursuant to the Indenture, the Authority, on or prior to the first Business Day of each month, commencing the month after such notification is received from the Trustee by the Authority, is to transfer to the 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 Bonds, or any portion thereof, may be funded with a Reserve Facility. If the Reserve Requirement is satisfied by a Reserve Facility, the Trustee is to draw on such Reserve Facility in accordance with its terms and the terms of the 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 Trustee to pay such obligations. The pledge of amounts on deposit in certain funds and accounts held by the Trustee under the Indenture to secure payment of Reserve Facility Costs set forth in the Indenture is on a basis subordinate to the pledge of such amounts to the Trustee for payment of the Bonds and 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 Indenture other than remedies which would adversely affect Owners of the Bonds. The 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 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 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 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 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 Indenture, if there are Subordinate Obligations then Outstanding, the 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 Indenture with respect to application of amounts deposited in the to the Subordinate Obligations Fund.

Establishment and Application of Fees and Expenses Fund. The 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 Indenture, if there are Subordinate Obligations then Outstanding, the 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 Indenture with respect to application of amounts deposited in the Subordinate Obligations Fund. After such funds have been applied, the 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 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 Trustee, remaining Revenue, if any, are to be promptly transferred by the Trustee to the Authority for deposit in the Bay Area Toll Account.

Establishment and Application of Redemption Fund. The 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 Trustee for the purpose of redeeming Bonds of any Series, unless otherwise provided in the Supplemental Indenture establishing the terms and conditions for such Series of Bonds, are to be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund are to be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series and maturity as are specified by the Authority in a Written Request of the Authority delivered to the Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which such Series of Bonds was issued.

Application of Operations and Maintenance Fund. On the date of issuance of the Initial Bonds, the Authority deposited an amount equal to $75,000,000 in the Operations and Maintenance Fund. Subsequent to the date of issuance of the Initial Bonds, within ten Business Days after the beginning of each Fiscal Year, commencing with the Fiscal Year beginning July 1, 2001, 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 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 Indenture for as long as the Authority is in compliance with the provisions of the Indenture concerning payment of principal and interest on the 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 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 Trustee to satisfy the Rebate Requirement (as such term is defined in the Tax Certificate) for payment to the United States of America.

Establishment and Application of 2008-F-1 Bonds Costs of Issuance Fund. The Trustee is to establish and maintain a separate fund designated as the "2008F-1 Bonds Costs of Issuance Fund." The monies set aside and placed in the 2008F-1 Bonds Costs of Issuance Fund shall remain therein until January 1, 2009 and expended for the purpose of paying the Costs of Issuance of the 2008F-1 Bonds.

Before any payment from the 2008F-1 Bonds Costs of Issuance Fund is made by the Trustee, the Authority is to file or cause to be filed with the Trustee a requisition of the Authority (each a

"Requisition"), such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; and (v) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the 2008F-1 Bonds Costs of Issuance Fund and has not been previously paid from said fund. On December 1, 2009, any amounts remaining in the 2008F-1 Bonds Costs of Issuance Fund shall be transferred to the Bond Fund and the 2008 F-1 Bonds Costs of Issuance Fund shall be closed.

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 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 Trustee in the funds and accounts created under the 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 Bonds, all Permitted Investments are to be held by or under the control of the 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 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 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 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 Trustee in its discretion.

The 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 Trustee may commingle any of the moneys held by it pursuant to the 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 Trustee will is to separately for the moneys belonging to each fund or account established pursuant to the Indenture and held by it.

Additional Bonds; Subordinate Obligations

Restrictions on Issuance of Additional Bonds. Subsequent to the issuance of the Initial Bonds, no additional Bonds (or Parity Obligations) are to be issued unless at least one of the following is true immediately following the issuance of such additional Bonds:

(a) the additional Bonds (or 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 Bonds (or Parity Obligations) to be refunded; (2) all expenses incident to the calling, retiring or paying of such Outstanding Bonds (or Parity Obligations) and the Costs of Issuance of such refunding Bonds; (3) interest on all Outstanding Bonds (or Parity Obligations) to be refunded to the date such Bonds will be called for redemption or paid at maturity; and (4) interest on the refunding Bonds (or Parity Obligations) from the date thereof to the date of payment or redemption of the Bonds (or 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 Bonds (and Parity Obligations), calculated as of the date of sale of, and including such additional 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 Bonds (and Parity Obligations), calculated as of the date of sale of, and including such additional Bonds (and Parity Obligations), will not be less than 1.50:1.

Maximum annual debt service with respect to Parity Obligations is to be determined using the principles set forth in the definition of Maximum Annual Debt Service; provided that if a Parity Obligation is contingent upon funds being provided under a Credit Support Instrument to pay principal or purchase price of or interest on a Bond, such Parity Obligations will not be considered outstanding until such payment is made thereunder.

For Additional Bonds and 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 Bonds. Subsequent to the issuance of the Initial Bonds, whenever the Authority determines to issue additional Bonds (and Parity Obligations), the Authority shall, in addition to fulfilling the requirements of the Indenture described above, file with the Trustee:

(a) a certificate of the Authority stating that no Event of Default specified in the Indenture has occurred and is then continuing;

(b) a certificate of the Authority stating that the requirements of the Indenture described under subparagraph (b) under the caption "Restrictions on Issuance of Additional Bonds" have been satisfied;

(c) if such additional Bonds are being issued based upon compliance with subparagraph (b)(1) above under the caption "Restrictions on Issuance of Additional 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 Bonds";

(d) the balance in the Reserve Fund upon receipt of the proceeds of the sale of such Series of Bonds shall be increased, if necessary, to an amount at least equal to the Reserve Requirement with respect to all Bonds Outstanding upon the issuance of such Series of Bonds; and

(e) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture creating such Series of Bonds has been duly authorized by the Authority in accordance with the Indenture and that such Series of Bonds, when duly executed by the Authority and authenticated and delivered by the 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 Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such 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 Bonds in strict conformity with the terms of the Act, the Indenture and the Bonds, and is to faithfully observe and perform all of the agreements and covenants contained in the Indenture and the 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 Bonds and 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 Bonds and Parity Obligations; provided that the Authority may at any time, or from time to time, issue or incur Subordinate Obligations as provided in the Indenture.

Tax Covenants. The Authority is not to use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations that would cause the interest on 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 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.

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 Bonds and Parity Obligations secured by Revenue.

In addition to the requirements of the Indenture described in the above paragraph, while any Bonds or 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 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 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.

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 Trustee prior to or on a parity with the charge and lien upon the Revenue securing any 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 Trustee or of any Holder (or its representative authorized in writing).

The Authority is to prepare and file with the 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 Bonds and Parity Obligations and the rights of the Bondholders and the holders of 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 Bonds by the Authority, the 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.

Continuing Disclosure. Upon the issuance of any Series of Bonds or upon conversion of any Series of Bonds to an interest rate period requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Authority and the Trustee covenant and agree that they are to comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Indenture, failure of the Authority or the Trustee to comply with the provisions of any Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture; provided, however, that the Trustee, at the request of any Participating Underwriter or the Owners of at least twenty-five percent aggregate principal amount of any Series of Bonds then Outstanding (but only to the extent that the 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 Bond may, are to take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order to cause the Authority or the Trustee, as applicable, to comply with its obligations under this paragraph.

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 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.

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 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 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 Indenture and the continuance thereof for a period of 60 days after written notice thereof to the Authority given by the Trustee.

In case one or more Events of Default occurs, then and in every such case the 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 Bonds then Outstanding (or such greater percentage of the Holders of 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 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 Indenture, or in aid of the exercise of any power granted in the Indenture, or to enforce any other legal or equitable right vested in the Bondholders by the Indenture or the Bonds or by law.

Trustee

The 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 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.

Modification or Amendment of the 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 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 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 Bonds;

(d) To cure any ambiguity or to correct or supplement any provision contained in the 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 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 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 Indenture or any Supplemental Indenture in any other respect, including any amendments which would otherwise be described in the Indenture, if (i) all 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 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 Bonds under the Indenture in accordance with the terms thereof.

Any Supplemental Indenture entered into pursuant to the provisions of the Indenture summarized above are to be deemed not to materially adversely affect the interest of the Bondholders so long as (i) all 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 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 Indenture described above and subject to the terms and provisions of the Indenture, the Holders of not less than a majority of the aggregate principal amount of the then Outstanding Bonds, or if less than all of the Outstanding Bonds are affected, the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds affected, will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to such other amendments to the 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 Indenture or in any Supplemental Indenture; provided, however, that nothing in the 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 Bond, or (b) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as provided in the provisions of the Indenture summarized above under the heading "Additional Bonds; Subordinate Obligations," or (d) a reduction in the aggregate principal amount of the Bonds required for any consent to any amendment.

Exclusive of amendments authorized by the provisions of the Indenture described above under the subheading "Amendments Permitted Without Bondholder Consent" and subject to the terms and provisions of the Indenture described therein, the Authority and the 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 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 Bonds will have been obtained and filed with the Trustee, provided that at such time the payment of principal of and interest on all 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 Bonds and provided, further, however, that nothing in the 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 Bond, or (b) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as provided in the provisions of the Indenture summarized above under the heading "Additional Bonds; Subordinate Obligations," or (d) a reduction in the aggregate principal amount of the 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 Indenture, the Indenture is to be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of Outstanding 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 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 Bonds and of all amounts payable under the Indenture, the pledge and lien on the Revenue arising under the Indenture is to cease, determine and be void; provided, however, such discharge of the Indenture will not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of the Bonds.

If the principal of or interest on any Bonds are to be paid by a Credit Provider, those 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 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 Bonds. Bonds (or any portion of the Bonds) are deemed to have been paid within the meaning of the above paragraphs if:

(a) there has been irrevocably deposited with the 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 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 Bonds (or any portion thereof) to the maturity or the redemption date thereof, as the case may be; and

(b) if any such Bonds are to be redeemed on any date prior to their maturity, (i) the 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 Bonds on such date and (ii) notice of such redemption has been given or provision satisfactory to the Trustee has been made for the giving of such notice.

In addition, all money so deposited with the Trustee as provided in the provisions of the 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 thereinbefore set forth in the Indenture, and all income from all Government Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the principal of the 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 Bonds Outstanding under the Indenture, such income is to be automatically paid over to the Authority.

No Bond which is subject to optional or mandatory tender in accordance with the provisions of the Supplemental Indenture pursuant to which such Bond was issued, is to be deemed to be paid within the meaning of the Indenture, unless arrangements have been made to assure that such 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.

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 Indenture for the payment of the interest on or principal or Purchase Price of or redemption premium, if any, on the 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 Indenture.

Rights of Credit Providers

A Supplemental Indenture authorizing a Series of Bonds may provide that any Credit Provider providing a Credit Support Instrument with respect to Bonds of such Series may exercise any right under the Indenture given to the Owners of the Bonds to which such Credit Support Instrument relates.

All provisions under the 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 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

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 Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX B – "Definitions and Summary of Certain Provisions of the Indenture."

DTC will act as securities depository for the Series 2008 F-1 Bonds. The Series 2008 F-1 Bonds will be issued 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 Series 2008 F-1 Bond certificate will be issued for each maturity of each Series of the Series 2008 F-1 Bonds, in the aggregate principal amount of such Series, 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 Series 2008 F-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 F-1 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 Bonds, except in the event that use of the book-entry system for the Series 2008 F-1 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 F-1 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 Series 2008 F-1 Bonds.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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 Series 2008 F-1 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, Series 2008 F-1 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 SERIES 2008 F-1 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2008 F-1 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2008 F-1 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 SERIES 2008 F-1 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Series 2008 F-1 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 UNDERWRITERS 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 SERIES 2008 F-1 BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL SERIES 2008 F-1 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 SERIES 2008 F-1 BONDS. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS 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 SERIES 2008 F-1 BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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 Series 2008 F-1 Bonds, and the Authority does not select another qualified securities depository, the Authority shall deliver one or more Series 2008 F-1 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 Series 2008 F-1 Bonds will be governed by the provisions of the Indenture.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Bay Area Toll Authority
Oakland, California

Bay Area Toll Authority
San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-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 $707,730,000 aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-1 (the "Bonds"), issued pursuant to a Master Indenture, dated as of May 1, 2001, as previously supplemented and as supplemented by a Twelfth Supplemental Indenture, dated as of August 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. 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 August 6, 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

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$707,730,000
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2008 SERIES F-1

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "**Disclosure Agreement**") is executed and delivered by the Bay Area Toll Authority (the "**Authority**") and Union Bank of California, N.A., as dissemination agent (the "**Dissemination Agent**") in connection with the issuance of the Authority's $707,730,000 San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series F-1 (the "**Bonds**"). The Bonds are being issued pursuant to a Master Indenture dated as of May 1, 2001, by and between the Authority and Union Bank of California, N.A., as trustee (the "**Trustee**"), as previously supplemented and as supplemented by the Twelfth Supplemental Indenture relating to the Bonds dated as of August 1, 2008, 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.

"**Central Post Office**" means the Internet-based filing system currently located at www.DisclosureUSA.org, or such other similar filing system approved by the Securities and Exchange Commission.

"**Counsel**" means any nationally recognized bond counsel or counsel expert in federal securities laws.

"**Dissemination Agent**" means Union Bank of California, N.A., 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.

"**National Repository**" shall mean the repositories designated by the Securities and Exchange Commission from time to time for purposes of the Rule (as defined below). Information regarding the

National Repositories as of a particular date is available on the Internet at www.sec.gov/info/municipal/nrmsir.htm.

"**Official Statement**" means the Official Statement dated August 6, 2008, relating to the Bonds.

"**Participating Underwriters**" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Stone & Youngberg LLC, Banc of America Securities LLC, E. J. De La Rosa & Co., Inc., Goldman, Sachs & Co., and Siebert Brandford Shank & Co., LLC.

"**Repository**" means each National Repository and each State Repository.

"**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.

"**State Repository**" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository. Information regarding the State Repositories as of a particular date is available on the Internet at www.sec.gov/info/municipal/nrmsir.htm#state.

Section 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, to each Repository (or to the Central Post Office pursuant to (e) below) an Annual Report which 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 2007-08 fiscal year. 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 may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. 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 Repositories, 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 each Repository by the date required in subsection (a), the Dissemination Agent shall provide to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A hereto. In lieu of filing the notice as described in the preceding sentence, the Authority or the Dissemination Agent may file such notice solely with the Central Post Office.

(d) The Dissemination Agent shall, unless the Authority has done so pursuant to Section 3(a) above:

(i) Determine the name and address of each National Repository and each State Repository, if any, 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, stating the date it was provided and listing all of the Repositories to which it was provided.

(e) In lieu of filing the Annual Report with each Repository in accordance with the paragraph (a) of this Section 3, the Authority or the Dissemination Agent may file such Annual Report solely with the Central Post Office.

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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof, an update of (i) the table entitled "BRIDGE SYSTEM TOLL RATES" set forth in the Official Statement under the caption "THE BRIDGE SYSTEM – Toll Rates;" (ii) the table entitled "TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC" set forth in the Official Statement under the caption "THE BRIDGE SYSTEM – Motor Vehicle Traffic;" and (iii) the table entitled "BRIDGE SYSTEM Historical Revenue, Expenditures and Debt Service Coverage" set forth in the Official Statement under the caption "THE BRIDGE SYSTEM — Historical Revenue, Expenditures 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 submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. 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 filed 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 (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository. 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. In lieu of filing the notice of Listed Event in accordance with the first sentence of this subsection (f), the Authority or the Dissemination Agent may file such notice of a Listed Event solely with the Central Post Office.

(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 each Repository.

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. Use of Central Post Office. The Authority and the Dissemination Agent may satisfy their respective obligations hereunder to file any notice, document or information with a National Repository or State Repository by filing the same with any agent which is responsible for accepting notice, documents or information for transmission to such National Repository or State Repository, to the extent permitted by the Securities and Exchange Commission or its staff, including the Central Post Office. For this purpose, permission shall be deemed to have been granted by the staff of the SEC if and to the extent the Central Post Office has received an interpretive letter, which has not been revoked, from the SEC staff to the effect that using the Central Post Office to transmit information to the National Repositories and the State Repositories will be treated for purposes of the Rule as if such information were transmitted directly to the National Repositories and the State Repositories.

Section 12. 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 13. 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:	Union Bank of California, N.A. 350 California Street, 11th Floor San Francisco, California 94104 Attention: Corporate Trust Department Phone: (415) 273-2518 Fax: (415) 273-2492

Section 14. 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: August 28, 2008

BAY AREA TOLL AUTHORITY

By: ______________________________________
Chief Financial Officer

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Disclosure Agreement.

UNION BANK OF CALIFORNIA, N.A.,
as Dissemination Agent

By: ______________________________________ By: ______________________________
Its: ______________________________________ Its: ______________________________

ACKNOWLEDGED:

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By: ______________________________________ By: ______________________________
Its: ______________________________________ Its: ______________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE DISCLOSURE REPORT

Name of Issuer:

Bay Area Toll Authority

Name of Bond Issue:

San Francisco Bay Area Toll Bridge Revenue Bonds 2008 Series F-1

Date of Issuance: August 28, 2008

NOTICE IS HEREBY GIVEN to [(i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository] [the Central Post Office and the Municipal Securities Rulemaking Board] 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 August 28, 2008, by the Authority and Union Bank of California, N.A., as Dissemination Agent. The Authority anticipates that the annual Disclosure Report will be filed by _________________.

Dated: __________________

UNION BANK OF CALIFORNIA, N.A., as Dissemination Agent

By: ____

Its: ____

APPENDIX F

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	135,000,000
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	81,000,000
Transbay Terminal/Downtown Caltrain Extension	150,000,000
Oakland Airport Connector	68,000,000
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	95,000,000
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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APPENDIX G

PARITY BONDS AND PARITY OBLIGATIONS

As of July 1, 2008 there are currently outstanding $4,328,390,000 principal amount of Bonds secured on a parity with the Series 2008 F-1 Bonds as indicated below. See "SUMMARY OF FINANCING PLAN" for information concerning the use of proceeds of the Series 2008 F-1 Bonds to refund certain outstanding Bonds.

Bonds	Outstanding Principal Amount	Interest Rate
San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series A, 2001 Series B and 2001 Series C (the "Series 2001 Variable Rate Bonds")	$300,000,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2001 Series D (the "Series 2001 Fixed Rate Bonds," and together with the Series 2001 Variable Rate Bonds, the "Series 2001 Bonds")	$20,560,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2003 Series A, 2003 Series B and 2003 Series C (the "Series 2003 Bonds")	$295,400,000[1]	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2004 Series A, 2004 Series B and 2004 Series C (the "Series 2004 Bonds")	$295,020,000	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series A-1, 2006 Series B-1, 2006 Series C, 2006 Series D-2 and 2006 Series E-1 (the "Series 2006A-E Bonds")	$500,000,000[2]	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series F (the "Series 2006F Bonds")	$1,099,090,000	Fixed
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 G-1 (the "Series 2007 A-E and G Bonds")	$500,000,000[3]	Variable
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series F (the "Series 2007F Bonds" and with the Series 2007A-E and G Bonds, the "Series 2007-1 Bonds")	$310,560,000	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, 2007 Series E-3, 2007 Series G-2 and 2007 Series G-3 (the "Series 2007-2 Bonds")	$500,000,000	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
TOTAL	$4,328,390,000	

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[1] Includes $147,100,000 of 2003 Series A and 2003 Series B Bonds to be refunded with a portion of the proceeds of the 2008 F-1 Bonds.

[2] Includes $160,000,000 of 2006 Series A-1, 2006 Series D-2 and 2006 Series E-1 Bonds to be refunded with a portion of the proceeds of the 2008 F-1 Bonds.

[3] Includes $350,000,000 of 2007 Series B-1, 2007 Series D-1, 2007 Series E-1 and 2007 Series E-2 Bonds to be refunded with a portion of the proceeds of the 2008 F-1 Bonds.

In addition to its outstanding Bonds, the Authority has Parity Obligations outstanding, including the 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 Parity Obligations.

Qualified Swap Agreements

Counterparty*	Notional Amount	Rate Paid by Authority	Rate Received by Authority
Ambac Financial Services, LLC	$75,000,000, amortizing to $0 by April 1, 2025	4.11% per annum	A floating per annum rate based on 65% of the one-month LIBOR index(1)
Ambac Financial Services, LLC	$75,000,000, amortizing to $0 by April 1, 2029	4.12% per annum	A floating per annum rate based on 65% of the one-month LIBOR index(1)
Citigroup Global Markets 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)
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)
Ambac Financial Services, LLC	$197,000,000, amortizing to $0 by April 1, 2038	4.139% per annum	A floating per annum rate based on 65% of the one-month LIBOR index(1)
Ambac Financial Services, LLC	$295,020,000, amortizing to $0 by April 1, 2039	3.4155% per annum	A floating per annum rate based on 54% of the one-month LIBOR index(1) plus 0.54%
Ambac Financial Services, LLC	$500,000,000 amortizing to $0 by April 1, 2045	3.6468% per annum	A floating per annum rate based on 68% of the one-month LIBOR index(1)
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)
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%
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(2)
Ambac Financial Services, LLC	$420,000,000 amortizing to $0 by April 1, 2047	3.6407% 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)
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%

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* The Authority is exploring the possibility of having some of its Qualified Swap Agreements assigned to other counterparties.

(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) 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.

Counterparty*	Notional Amount	Rate Paid by Authority	Rate Received by Authority
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[3]

[3] 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.

In addition to the Qualified Swap Agreements listed in the table above, under all of which the Authority receives floating rate payments, the Authority is pursuing Qualified Swap Agreements in an aggregate notional amount up to $560,000,000 pursuant to which the Authority will receive fixed rate payments and will pay the counterparties a floating rate based upon an index. Whether and when the Authority enters into such Qualified Swap Agreements depends on market factors. Some or all of such additional Qualified Swap Agreements could be in place by the time the Series 2008 F-1 Bonds are issued.

Standby Bond Purchase Agreements

The Authority has entered into Standby Bond Purchase Agreements with various banks under which banks may purchase outstanding Variable Rate Demand Bonds. Bonds so held by the banks will continue to be Bonds under the Indenture payable on a parity basis with other Bonds. Fees and other payments due to the banks are not Parity Obligations.

JPMorgan Chase is the agent for all of the liquidity providers under each of the Standby Bond Purchase Agreements.

One of the Standby Bond Purchase Agreements is dated as of October 1, 2004, and provides for liquidity support until October 5, 2011, for the Authority's Variable Rate Demand Bonds, 2001 Series B, 2001 Series C and 2004 Series A and until October 5, 2015 for the Authority's Variable Rate Demand Bonds, 2001 Series A, 2003 Series C, 2004 Series B, and 2004 Series C. The liquidity providers are JPMorgan Chase, Dexia Credit Local, acting through its New York Agency ("Dexia"), Lloyds TSB Bank PLC, acting through its New York Branch ("Lloyds"), Bayerische Landesbank, acting through its New York Branch, Landesbank Hessen-Thuringen Girozentrale, acting through its New York Branch, and Landesbank Baden-Wurttemberg, acting through its New York Branch.

Another of the Standby Bond Purchase Agreements is dated as of February 1, 2006, and provides for liquidity support until February 8, 2013, for the Authority's Variable Rate Demand Bonds, 2006 Series A-1, 2006 Series B-1 and 2006 Series C. The liquidity providers are JPMorgan Chase, Citibank, Dexia and Lloyds.

Another of the Standby Bond Purchase Agreements is dated as of May 1, 2007, and provides for liquidity support until May 15, 2014, for the Authority's Variable Rate Demand Bonds, 2007 Series A-1, 2007 Series B-1, 2007 Series C-1 and Series 2007 G-1. The liquidity providers are JPMorgan Chase, Citibank, Dexia and Lloyds.

Another of the Standby Bond Purchase Agreements is dated as of October 1, 2007, and provides for liquidity support until October 24, 2014, for the Authority's Variable Rate Demand Bonds, 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. The liquidity providers are JPMorgan Chase, Citibank, Bank of America, Dexia, Lloyds and Calyon, acting through its New York Branch.

Another of the Standby Bond Purchase Agreements is dated as of June 1, 2008, and provides liquidity support until June 4, 2009, for the Authority's Variable Rate Demand Bonds, 2008 Series A-1. The liquidity provider is Citibank, N.A.

Another of the Standby Bond Purchase Agreements 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, C-1, D-1, E-1 and G-1. The liquidity providers are Bank of America, N.A. and BNP Paribas, acting through its San Francisco branch.

Some or all of such Standby Bond Purchase Agreements could soon be replaced. See "SUMMARY OF FINANCING PLAN — Other Transactions."

APPENDIX H

PROJECTED DEBT SERVICE SCHEDULE

The table below shows the projected annual debt service requirements for the Authority's outstanding Bonds and the Series 2008 F-1 Bonds.

Fiscal Year Ending (June 30)	Outstanding Prior Bonds Debt Service[1] (Excluding Refunded Bonds)	Series 2008 F-1 Bonds Debt Service: Principal	Series 2008 F-1 Bonds Debt Service: Interest[2]	Total
2009	$ 198,278,881	—	$ 21,462,738	$ 219,741,619
2010	203,799,975	—	36,275,050	240,075,025
2011	203,938,735	—	36,275,050	240,213,785
2012	204,485,969	—	36,275,050	240,761,019
2013	204,945,185	—	36,275,050	241,220,235
2014	210,655,078	—	36,275,050	246,930,128
2015	212,247,932	—	36,275,050	248,522,982
2016	220,903,847	—	36,275,050	257,178,897
2017	222,076,588	—	36,275,050	258,351,638
2018	222,082,952	—	36,275,050	258,358,002
2019	222,350,910	—	36,275,050	258,625,960
2020	222,248,072	—	36,275,050	258,523,122
2021	222,373,303	—	36,275,050	258,648,353
2022	222,295,228	—	36,275,050	258,570,278
2023	222,766,281	—	36,275,050	259,041,331
2024	222,684,544	—	36,275,050	258,959,594
2025	222,623,443	—	36,275,050	258,898,493
2026	222,659,552	—	36,275,050	258,934,602
2027	222,825,871	—	36,275,050	259,100,921
2028	222,954,110	—	36,275,050	259,229,160
2029	223,278,962	—	36,275,050	259,554,012
2030	223,072,282	—	36,275,050	259,347,332
2031	223,099,445	—	36,275,050	259,374,495
2032	195,517,780	$ 48,520,000	36,275,050	280,312,830
2033	194,963,352	50,950,000	33,849,050	279,762,402
2034	194,607,278	53,495,000	31,301,550	279,403,828
2035	194,320,500	56,170,000	28,626,800	279,117,300
2036	193,796,887	58,980,000	25,818,300	278,595,187
2037	167,748,388	61,930,000	22,869,300	252,547,688
2038	155,612,096	65,025,000	19,772,800	240,409,896
2039	154,846,943	32,755,000	16,521,550	204,123,493
2040	138,059,389	33,930,000	14,883,800	186,873,189
2041	137,366,894	35,165,000	13,017,650	185,549,544
2042	136,627,644	36,560,000	11,083,575	184,271,219
2043	135,790,606	37,990,000	9,072,775	182,853,381

Fiscal Year Ending (June 30)	Outstanding Prior Bonds Debt Service[(1)] (Excluding Refunded Bonds)	Series 2008 F-1 Bonds Debt Service Principal	Series 2008 F-1 Bonds Debt Service Interest[(2)]	Total
2044	135,104,950	39,405,000	6,983,325	181,493,275
2045	134,333,565	40,810,000	4,963,819	180,107,384
2046	55,286,577	27,610,000	2,872,306	85,768,883
2047	55,194,362	28,435,000	1,457,294	85,086,656
TOTAL	**$7,377,824,358**	**$707,730,000**	**$1,098,882,782**	**$9,184,437,140**

(1) Assumes an interest rate of 4.62% per annum for the Series 2001 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the Series 2001 Fixed Rate Bonds, an interest rate of 4.60% per annum for the Series 2003 Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), an interest rate of 3.91% per annum for the Series 2004 Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), an interest rate of 4.24% per annum for the Series 2006 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the Series 2006F Fixed Rate Bonds, an interest rate of 4.52% per annum for the Series 2007-1 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), the actual interest rates for the Series 2007F Fixed Rate Bonds, 4.25% per annum for the Series 2007-2 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees), an interest rate of 4.49% for $500 million of the Series 2008-1 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 2.29% for the $7.76 million of the Series 2008-1 Bonds not subject to an interest rate swap agreement (inclusive of liquidity facility and remarketing fees).

(2) The actual interest rates on the Series 2008 F-1 Bonds.

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