PRICEWATERHOUSECOOPERS

Bay Area Infrastructure Financing Authority

Financial Statements
For The Fiscal Years Ended June 30, 2009 and 2008

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June 30, 2009

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Governing Board of the
Bay Area Infrastructure Financing Authority:

In our opinion, the accompanying statement of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Bay Area Infrastructure Financing Authority (BAIFA), a discretely presented component unit of the Metropolitan Transportation Commission (MTC) at June 30, 2009 and 2008, and changes in its financial position and its cash flows 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 BAIFA's management. Our responsibility is to express an opinion 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 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 opinion.

The management's discussion and analysis for the year ended June 30, 2009 on pages 2 through 5 is not a required part of the basic financial statements but is 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.

PricewaterhouseCoopers LLP

October 6, 2009

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Infrastructure Financing Authority's (BAIFA) proprietary fund, a discretely presented component unit of the Metropolitan Transportation Commission. This Management's Discussion and Analysis presents an overview of the financial activities for the years ended June 30, 2009 and 2008. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

BAIFA was created on August 1, 2006 by a Joint Exercise of Powers Agreement between Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). 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 (the State) and to apply funds received to pay debt service on notes issued by BAIFA to finance or refinance public transportation and related capital improvements projects.

The governing board of BAIFA consists of four MTC Commissioners and two BATA Commissioners. The further makeup of the BAIFA board comprises of the BATA Commission chair and vice chair and MTC's chair and vice chair of the Commission and Programming and Allocations Committees. Neither MTC nor BATA is responsible for any debt, liabilities or obligations of BAIFA. BATA provides administrative services, including accounting and management, at no charge to BAIFA.

A. Financial Highlights

BATA and the State of California entered into a Funds Transfer Cooperative Agreement on August 1, 2006. The purpose of this agreement was to establish the terms and conditions for the State to transfer its contribution to BATA for the seismic retrofit and replacement projects. The schedule of payments lists the payments due from the State from fiscal years 2007 through 2014.

BAIFA and BATA entered into a contribution agreement on December 1, 2006 whereby BATA has assigned to BAIFA all of BATA's rights to the payments due from the State. As the State makes the annual payments, BATA has irrevocably assigned this revenue to BAIFA, which in turn has assigned the funds to a trustee under the indenture of trust.

BAIFA then issued $972,320,000 State Payment Acceleration Notes (SPANs) in December 2006. These SPANs are secured solely by the future scheduled payments from the State to BATA pursuant to the Funds Transfer Cooperative Agreement and further assigned to BAIFA and the trustee. In fiscal year 2007, BATA also contributed $15,000,000 to BAIFA as additional security for the SPANs. Neither MTC nor BATA is responsible for BAIFA's debt or obligations.

The proceeds from the SPANs are restricted for the reimbursement of BATA's costs for the seismic retrofit and replacement projects and are reimbursed as the costs are incurred.

All the proceeds from the SPANS in the project fund account to reimburse BATA for the costs of seismic retrofit and replacement projects was exhausted in fiscal year 2008.

B. Overview of the BAIFA Financial Statements

BAIFA's basic financial statements include the *Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets*, and *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statement of Net Assets* reports assets, liabilities and the difference as net assets. The net assets are restricted for debt service of BAIFA as discussed further below. The *Statement of Revenues, Expenses, and Changes in Net Assets* consists of operating revenues and expenses and nonoperating revenue and expenses. The *Statement of Cash Flows* is presented using the direct method.

The *Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets,* and *Statement of Cash Flows* are presented on pages 6-9 of this report.

C. Financial Analysis

Statement of Net Assets

The following table is a summary of BAIFA's statement of net assets as for the last three fiscal years:

	2009	2008	2007
Cash and investments	$ 153,179,488	$ 222,949,723	$ 651,622,694
Receivables	201,910	207,837	1,677,912
Other assets	9,141,996	10,276,615	11,365,646
Receivable due from BATA	645,066,041	688,090,461	389,367,388
Total assets	807,589,435	921,524,636	1,054,033,640
Interest payable	16,157,583	17,423,750	19,176,750
Debt payable, net	831,829,258	912,829,269	1,022,868,994
Total liabilities	847,986,841	930,253,019	1,042,045,744
Net assets			
Restricted for debt service	-	-	11,987,896
Unrestricted	(40,397,406)	(8,728,383)	-
Total net assets/ (deficit)	$ (40,397,406)	$ (8,728,383)	$ 11,987,896

Cash and investments decreased by $69,770,235 from 2008 to 2009 and by $428,672,971 from 2007 to 2008. The decrease in 2009 is due to debt service payments. The decrease in 2008 is mainly due to distributions to BATA for reimbursement of seismic retrofit costs and debt service payments.

The receivable due from BATA decreased by $43,024,420 from fiscal year 2008 to 2009 compared to an increase of $ 298,723,073 from 2007 to 2008. The decrease in 2009 is due to $43,000,000 of pledged revenue received from BATA plus $24,420 administration expenses owed to BATA. The increase in 2008 is due to $398,702,585 in distribution to BATA for seismic retrofit cost reimbursement, plus a $20,488 payment of administration expenses to BATA, and less $100,000,000 pledge revenue received from BATA.

Debt payable decreased by $81,000,011 in 2009 and by $110,039,725 in 2008. The decrease in both years are due to principal payments on the debt and amortization of the bond premium.

The decrease in net assets of $31,669,023 in 2009 and $20,716,279 in 2008 is a result of the adoption of GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". The exchange of BAIFA's SPAN proceeds to BATA for the expected future cash flow from Caltrans to BATA is treated as a collateralized borrowing between BATA and BAIFA. Once the receivable balance is reduced to zero, the amount received from BATA will be recorded as revenue and will reduce the net deficit.

Statement of Revenues, Expenses, and Net Assets

The following table is the summary of BAIFA's statement of revenues, expenses and net assets for the years ended June 30, 2009 and 2008 and for the eleven months ended June 30, 2007:

	2009	2008	2007
Operating revenue			
Investment income	$ 3,541,026	$ 17,757,697	$ 19,949,829
Total operating revenue	3,541,026	17,757,697	19,949,829
Operating expenses			
Interest expense	34,001,422	37,307,875	22,290,589
Other expenses	1,208,627	1,166,101	671,344
Total operating expenses	35,210,049	38,473,976	22,961,933
Non - operating revenue			
Contribution from BATA	-	-	15,000,000
Total non - operating revenue	-	-	15,000,000
Increase (decrease) in net assets	(31,669,023)	(20,716,279)	11,987,896
Net assets - beginning	(8,728,383)	11,987,896	-
Net assets/ (deficit) - ending	$ (40,397,406)	$ (8,728,383)	$ 11,987,896

BAIFA's operating revenues decreased by $14,216,671 from 2008 to 2009 and by $2,192,132 from 2007 to 2008. The decrease in both years is the result of lower interest income, due to lower interest rates and smaller cash balances.

Total interest expense in fiscal year 2009 decreased by $3,306,453 as compared to an increase of $15,017,286 in fiscal year 2008. The decrease in fiscal year 2009 is due to interest expense on lower debt outstanding. The increase in fiscal year 2008 is due to full year of bond interest expense and amortization compared to a partial year in fiscal year 2007 as the SPAN's were issued in December 2006.

C. Notes to the Financial Statements

The notes to the financial statements, beginning on page 10, provide additional information that is essential to a full understanding of the data provided in this management discussion and the financial statements.

D. Economic Factors

The Bay Area economy has been impacted by record high unemployment, a record high number of home foreclosures, and a slowdown in consumer spending. The State Transit Assistance program is suspended until fiscal 2014. General factors include:

- Continued volatility in the liquidity, financial and real estate markets. Concerns about consumer spending.
- Unemployment in the Bay Area has increased to 10.6 percent.
- There was an 8.8 percent decrease in sales tax revenue for the combined nine Bay Area counties for fiscal 2009. Region-wide sales tax revenue decreased for the first time in fiscal 2009 since fiscal 2004. Sales tax revenue for fiscal 2010 is projected to be lower than fiscal year 2009.
- The condition of the State budget will prolong tough economic conditions in the Bay Area.
- Construction projects in the Bay Area supported by federal stimulus funds should begin to ramp up the latter part of fiscal 2010.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 8th Street, Oakland, CA 94607.

Bay Area Infrastructure Financing Authority
Statement of Net Assets
For the Years Ended June 30, 2009 and 2008

		2009		2008
Assets				
Current assets:				
Cash and Cash Equivalents- restricted	$	27,091,938	$	90,699,723
Interest Receivable - restricted		196,567		207,837
Prepaid item		-		3,750
Due from Bay Area Toll Authority - restricted		99,024,420		43,000,000
Total current assets		126,312,925		133,911,310
Non-current assets:				
Cash and Cash Equivalents- restricted		118,698,248		132,250,000
Interest Receivable - restricted		5,343		-
Long term investment - restricted		7,389,302		-
Bond issuance costs		9,141,996		10,272,865
Due from Bay Area Toll Authority - restricted		546,041,621		645,090,461
Total non-current assets		681,276,510		787,613,326
Total assets		807,589,435		921,524,636
Liabilities				
Current liabilities:				
Interest payable		16,157,583		17,423,750
Long-term debt, current		8,720,000		69,770,000
Total current liabilities		24,877,583		87,193,750
Non-current liabilities:				
Long-term debt, net		823,109,258		843,059,269
Total liabilities		847,986,841		930,253,019
Net Assets/ (Deficit)				
Unrestricted		(40,397,406)		(8,728,383)
Total net assets/ (deficit)	$	(40,397,406)	$	(8,728,383)

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

Bay Area Infrastructure Financing Authority
Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	2009	2008
Operating Revenues		
Investment income	$ 3,541,026	$ 17,757,697
Total operating revenues	3,541,026	17,757,697
Operating Expenses		
Interest Expense	34,001,422	37,307,875
Amortization of bond issuance costs	1,130,869	1,092,781
Administrative/Audit Fees	77,758	73,320
Total operating expenses	35,210,049	38,473,976
Operating income/ (loss)	(31,669,023)	(20,716,279)
Change in net assets/ (deficit)	(31,669,023)	(20,716,279)
Net assets/ (deficit) - beginning	(8,728,383)	11,987,896
Net assets/ (deficit) - ending	$ (40,397,406)	$ (8,728,383)

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

Bay Area Infrastructure Financing Authority
Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Cash receipt from investment income	$ 3,643,200	$ 19,227,772
Cash payment for interest expense and other	(40,347,188)	(43,997,670)
Net cash used in operating activities	(36,703,988)	(24,769,898)
Cash flows from non-capital financing activities		
Bond principal payment	(75,970,000)	(105,180,000)
Pledge seismic retrofit payments from Bay Area Toll Authority	43,000,000	100,000,000
Distributions to Bay Area Toll Authority for Seismic expenditures	-	(398,723,073)
Net cash used in non-capital financing activities	(32,970,000)	(403,903,073)
Cash flows from investing activities		
Proceeds from maturities of investments	171,338,341	-
Purchase of investments	(178,823,890)	-
Net cash provided used in investing activities	(7,485,549)	-
Net decrease in cash and cash equivalents	(77,159,537)	(428,672,971)
Balances - Beginning of period	222,949,723	651,622,694
Balances - End of year	$ 145,790,186	$ 222,949,723

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

Bay Area Infrastructure Financing Authority
Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008

Reconciliation of operating income to net cash used in operating activities		2009		2008
Operating loss	$	(31,669,023)	$	(20,716,279)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Bonds interest payable		(1,266,167)		(1,753,000)
Interest income		102,174		1,470,075
Prepaid item		3,750		(3,750)
Amortization of bonds premium		(5,030,011)		(4,859,725)
Amortization of bonds issuance costs		1,130,869		1,092,781
Due to Bay Area Toll Authority		24,420		-
Net cash used in operating activities	$	(36,703,988)	$	(24,769,898)

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

1. Reporting Entity

The Bay Area Infrastructure Financing Authority (BAIFA) was established on August 1, 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. 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 notes issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA's governing body consists of four Commissioners from MTC and two Commissioners from BATA.

MTC was established under Government Code Section 66500 et seq. of 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.

BATA was established pursuant to Chapter 4.3 of Division 17 of the California Streets and Highways Code Section 30950 et seq with the power under section 30951 to apply for, accept, receive, and disburse grants, loans, and other assistance from any agency of the United States or of the State of California and to plan projects within its jurisdiction. BATA is a blended component unit of MTC because their governing boards are substantially the same.

BAIFA is a discretely presented component unit in the MTC financial statements because it does not qualify for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No 14, *The Financial Reporting Entity*. As such, it is presented as a proprietary fund in the component unit column of the government-wide financial statements of MTC. BAIFA's board consists of four Commissioners from MTC and two Commissioners from BATA. Neither MTC nor BATA have any obligations for BAIFA's debt, liabilities or other obligations. It was created to obtain financing or refinancing for public transportation and related capital improvement project for a fee.

In December 2006 BAIFA issued $972,320,000 in State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge and assignment of future state revenues. BATA and BAIFA have entered into an agreement whereby BATA has pledged and irrevocably assigned its rights to future scheduled payments from the State of California for the seismic retrofit or replacement expenses of state-owned toll bridges. BAIFA will use these payments for paying debt service and BAIFA's administration costs. The state's scheduled payments for the seismic retrofit and replacement cost are predetermined by state legislation. These payments are reported as current restricted assets.

This standalone financial statement is for the benefit of the users of BAIFA's financial statements who need more disclosure of information and to see the financial information segregated for this entity.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements for BAIFA have been prepared in accordance with accounting principles generally accepted in the United States of America using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus, Basis of Accounting and Financial Statement Presentation
BAIFA follows GASB Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended.

With respect to proprietary funds as required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, BAIFA will continue 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.

BAIFA applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires certain investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenses and Changes in Net Assets for the proprietary funds. For investments with remaining maturities of less than a year from date of purchase, amortized cost is applied.

BAIFA applies the provisions of 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 or as a collateralized borrowing. For additional information on the collateralized borrowing between BAIFA and BATA, see Note 4.

GASB Statement No. 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates into the GASB authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The requirements of these statements will improve financial reporting by contributing to GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. These standards were issued March 2009 and are effective immediately. These standards did not have any effect on the financial statements.

Cash and Investments

BAIFA considers all highly liquid investments with maturity of three months or less at date of purchase to be cash and cash equivalents. Cash and cash equivalents are classified as restricted in the Statement of Net Assets because their use is limited externally by applicable bond covenants or an imposed external restriction.

Variable rate demand obligations (VRDOs) are also presented as cash and cash equivalents. VRDOs have liquidity instruments and allow the securities to be put at any time with seven days notice.

Net Assets/ (Deficit)

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, if applicable. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. The unrestricted net deficit of $40,397,406 in fiscal year 2009 is the result of the transactions between BAIFA and BATA. BAIFA will be accumulating a net deficit every year until the BAIFA receivable from BATA is zero. After that, the subsequent payments of the state pledged revenues will reduce BAIFA's net deficit.

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.

3. Cash and Investments

BAIFA 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 BAIFA 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 guidelines of Permitted Investments as defined in the Indenture of Trust. Investments include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a national or state chartered bank
- Bankers' acceptances
- Authorized pooled investment programs
- Commercial paper – Rated "A1 or P1"
- Municipal bonds
- Mutual funds – Rated "AAA"/ "Aaa"

A. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. BAIFA invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. Most of BAIFA investments are classified as cash and cash equivalents since they are liquid and have original or remaining maturities of 90 days or less at the time of purchases.

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 an independent trust account maintained with Deutsche Bank and held in the name of BAIFA. Security trades clear through the Deutsche Bank trust accounts that are fully insured or collateralized. As a result, BAIFA believes 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.

The weighted average to maturity of BAIFA's securities expressed in days at June 30, 2009 and 2008 are as follows:

	2009	2008
East Bay California Municipal Utility District	7*	-
Airport Commission City and County of San Francisco	7*	-
County of Alameda California	884	-
Metropolitan Water District of Southern California	7*	-
Sacramento California Suburban Water District	7*	-
General Electric Capital Corp	-	21
Long Beach Harbor	-	32

*The maturity dates are not final maturity dates. Variable rate demand bonds have a 7 day put.

Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2009 and 2008 are as follows:

	2009	2008
East Bay California Municipal Utility District	15%	-
Airport Commission City and County of San Francisco	12%	-
County of Alameda California	5%	-
Metropolitan Water District of Southern California	20%	-
Goldman Sachs Financial Square Fund Institutional Shares	48%	73%
General Electric Capital Corp	-	11%
Long Beach Harbor	-	16%

Restricted Cash and Cash Equivalents

Cash and cash equivalents is restricted as these assets are used for a specific purpose. BAIFA's cash and cash equivalents of $145,790,186 are restricted for debt service.

4. Due From Bay Area Toll Authority

In December 2006, BATA entered into an agreement (the contribution agreement) with BAIFA under which BAIFA would advance proceeds from the issuance of SPAN notes to BATA to allow BATA to complete certain seismic retrofit projects. BATA will repay these advances to BAIFA through its pledge and assignment of future scheduled payments of $1,135,000,000 from the State of California. The $1,135,000,000 represents a part of the state's share of the seismic retrofit and replacement program. BAIFA has received $268,000,000 to date of the $1,135,000,000 scheduled pledged revenue from the state. Once the receivable balance is reduced to zero, the amount received from BATA will be recorded as revenue and will reduce the net deficit. The pledged revenues from the state are used for debt service payments.

The receivable due from BATA as of June 30, 2009 is $645,066,041 and is non-interest bearing. In accordance with the contribution agreement, BATA is obligated to repay the amount from the pledged seismic retrofit payments. BAIFA will maintain a balance due from BATA until the balance is repaid from the annual pledged revenue.

5. Long Term Debt

SPANs were issued December 2006 to (1) finance the cost of the retrofit and replacement projects and (2) pay costs incurred in connection with the issuance of the SPANs.

A summary of the debt for the year ended June 30, 2009 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
2006 State Payment Acceleration Notes	12/14/2006	4.0 - 5.0%	2017	$ 972,320,000	$ 867,140,000	$ -	$ 75,970,000	$ 791,170,000	$ 8,720,000
Unamortized bond premium					45,689,269	-	5,030,011	40,659,258	
Net long-term debt as of June 30, 2009					$ 912,829,269	$ -	$ 81,000,011	$ 831,829,258	

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 the debt for the year ended June 30, 2008 is as follow:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Due Within One Year
2006 State Payment Acceleration Notes	12/14/2006	4.0 - 5.0%	2017	$ 972,320,000	$ 972,320,000	$ -	$ 105,180,000	$ 867,140,000	$ 69,770,000
Unamortized bond premium					50,548,994	-	4,859,725	45,689,269	
Net long-term debt as of June 30, 2008					$ 1,022,868,994	$ -	$ 110,039,725	$ 912,829,269	

2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

Annual Funding Requirements

The annual funding requirements (principal and interest) for the long-term debt outstanding of the business-type activities at June 30, 2009 areas follows:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2010	8,720,000	33,782,959	42,502,959
2011	17,020,000	33,410,615	50,430,615
2012	12,820,000	32,683,861	45,503,861
2013	19,795,000	32,136,447	51,931,447
2014	40,350,000	31,291,200	71,641,200
2015-2018	692,465,000	110,363,488	802,828,488
	$ 791,170,000	$ 273,668,570	$ 1,064,838,570