

Date: April 28, 2010
W.I.: 1254
Referred by: BATA Oversight

ABSTRACT

BATA Resolution No. 92

This resolution authorizes the taking of various actions in connection with the issuance of bonds to finance Authority projects and the related bond and disclosure documents.

Discussion of this action is contained in the Executive Director's accompanying memorandum.

Date: April 28, 2010
W.I.: 1254
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BAY AREA TOLL AUTHORITY
RESOLUTION NO. 92

WHEREAS, the Bay Area Toll Authority (the "Authority") plans to use its funds to pay costs of the Authority's seismic retrofit program and capital improvement projects funded by the Authority and the Authority has issued toll bridge revenue bonds (the "bonds") and intends to issue additional bonds (the "additional bonds") to fund costs of the Authority's seismic retrofit program and other capital improvement projects and to reimburse the Authority for its prior payment of such costs, and the federal American Recovery and Reinvestment Act of 2009 permits the Authority to issue the additional bonds in the form of "Build America Bonds" bearing federally taxable interest and, upon satisfaction of certain criteria, to receive an interest subsidy payment from the federal government;

WHEREAS, applicable law and the Master Indenture, as amended and supplemented (the "Indenture"), between the Authority and Union Bank, N.A., as trustee, permit the Authority to issue its additional bonds on a subordinated basis and the Authority has decided to authorize the issuance of the additional bonds as subordinate bonds under a new indenture (the "Subordinate Indenture");

WHEREAS, in order to facilitate and increase the efficiency of selling the additional bonds and remarketing or refunding bonds, there has been prepared and presented to the Authority a proposed form of information statement relating to the Authority and its bonds;

WHEREAS, it may be advantageous for the Authority to amend its interest rate swap documents to provide the counterparties thereto with options to terminate the swaps on short notice and without a termination payment being paid to or by the Authority, and the Authority has decided to add authority to do so to its previous swap authorization; now, therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and, be it further

RESOLVED, that the Executive Director and the Chief Financial Officer, and each of them (each, an “Authorized Representative”) be and hereby is authorized to select a trustee to serve as trustee under the Subordinate Indenture and to enter into the Subordinate Indenture with the trustee in substantially the form presented to this meeting, with such additions thereto or changes therein as the Authorized Representative executing the same, with the advice of General Counsel to the Authority and Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority (“Bond Counsel”), may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Subordinate Indenture; and be it further

RESOLVED, that the Authority hereby authorizes the issuance, from time to time until December 31, 2010, of additional bonds in the aggregate principal amount of up to \$4.0 billion as fixed interest rate bonds (with interest either federally taxable or federally tax-exempt) in one or more series and in one or more public offerings or private placements, in accordance with the Subordinate Indenture, to:

- (1) fund the seismic retrofit program and other capital improvement projects funded by the Authority and to reimburse the Authority for its prior payment of such costs;
- (2) fund any reserve fund contribution requirement under the Subordinate Indenture; and
- (3) pay costs of issuance of the additional bonds, provided that the aggregate costs of issuance of the additional bonds (including the underwriters’ discount but excluding the costs of any reserve fund sureties entered into in connection with the additional bonds) shall not exceed 2% of the aggregate principal amount of the additional bonds issued; and be it further

RESOLVED, that in the event an Authorized Representative determines that a portion of such additional bonds should be subordinate to bonds issued pursuant to the Subordinate Indenture, the Authority hereby authorizes the issuance of such further-subordinated additional bonds in accordance with a new indenture in substantially the form of the Subordinate Indenture with such additions thereto or changes therein, including reduced coverage requirements and lower rate covenants, as the Authorized Representative executing the same, with the advice of General Counsel to the Authority and Bond Counsel, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of such indenture, and each Authorized Representative be and hereby is authorized to select a trustee to serve as trustee under that indenture; and be it further

RESOLVED, that subject to the foregoing, the series designations, dates, maturity date or dates (not to exceed 40 years from their date of issuance), interest rate or rates (with a true interest cost of not to exceed 5.53% with respect to tax-exempt bonds or 8.5% with respect to taxable bonds), terms of redemption, and other terms of each series of additional bonds shall be as provided in a supplemental indenture; and be it further

RESOLVED, that the Authority hereby:

- (1) approves the form of Information Statement presented to this meeting (in substantially the form so presented) and authorizes an Authorized Representative to publish, post or disseminate the Information Statement with such changes therein as are approved by such Authorized Representative;
- (2) authorizes the use of the Information Statement, as amended or supplemented from time to time hereafter by supplements approved by an Authorized Representative to disclose the terms of the outstanding bonds, refunding bonds, and additional bonds offered or remarketed thereby and any material information that the Authorized Representative determines should be included therein, which Information Statement as so amended or supplemented shall be the Authority's reoffering circular or official statement (and deemed final by an Authorized Representative on behalf of the Authority for purposes of compliance with Securities and Exchange Commission Rule 15c2-12);
- (3) authorizes the distribution of each such reoffering circular or official statement as is so approved by such Authorized Representative; and
- (4) authorizes underwriters and broker dealers to distribute copies of each such reoffering circular or official statement to persons purchasing the Authority's bonds; and be it further

RESOLVED, that the Authority hereby authorizes an Authorized Representative to select the parties to and execute and deliver (and the Secretary is authorized to countersign, if necessary) each of the documents that is necessary or appropriate to effect each of the transactions contemplated hereby, including, without limitation, supplemental indentures, official statements, reoffering circulars, purchase contracts, and continuing disclosure agreements (collectively called the "Bond Documents") in substantially the forms approved hereby or executed by the Authority in the past, as applicable, with such additions thereto or changes therein or in such other form as the Authorized Representative executing the same, with the advice of General Counsel to the Authority and Bond Counsel, may require or approve, the approval of such additions or changes or the approval of such other form to be conclusively evidenced by the execution and delivery of each Bond Document; and be it further

RESOLVED, that in addition to the authorization in Resolution No. 85, which is hereby confirmed, to amend, restructure and terminate existing interest rate swap agreements related to variable rate demand bonds and enter into new interest rate swap agreements related to fixed rate bonds, each Authorized Representative is hereby authorized to amend each such agreement, for such consideration as the Authorized Representative deems adequate, to provide each swap counterparty with an option to terminate the swap on 30 days' or less notice if that termination will not result in a termination payment being paid to or by the Authority, and each such amendment and the inclusion of such a provision in any new interest rate swap agreement, is hereby determined to be in accordance with the Authority's Debt Policy, and the Authority finds and determines that each such amendment and any interest rate swap agreements related to fixed rate bonds entered into pursuant to Resolution No. 85 are designed to reduce the amount or duration of payment, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance of bonds; and be it further

RESOLVED, that the Chair of the Authority, the Vice Chair of the Authority, the Executive Director, the Chief Financial Officer, and other appropriate officers of the Authority, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all certificates, documents, amendments, instructions, orders, representations and requests, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution or in prior resolutions related to the Authority's bonds; and be it further

RESOLVED, that this Resolution shall take effect from and after its adoption.

BAY AREA TOLL AUTHORITY

Scott Haggerty, Chair

The above resolution was entered into by the Bay Area Toll Authority at a regular meeting of the Authority held in Oakland, California, on April 28, 2010.



BAY AREA TOLL AUTHORITY INFORMATION STATEMENT

**(Including Metropolitan Transportation Commission
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009)**

Dated: May 1, 2010

[MAP]

BAY AREA TOLL AUTHORITY

MEMBERS AND OFFICERS

Voting Members

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

Non-Voting Members

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

STEVE HEMINGER, Executive Director
ANN FLEMER, Deputy Executive Director
ANDREW B. FREMIER, Deputy Executive Director
BRIAN MAYHEW, Chief Financial Officer
RODNEY F. McMILLAN, Director of Bridge Oversight and
Operations
FRANCIS F. CHIN, General Counsel

MASTER INDENTURE TRUSTEE

**SUBORDINATE INDENTURE
TRUSTEE**

Union Bank, 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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IMPORTANT NOTICES

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

A wide variety of other information concerning the Bridge System and the Seismic Retrofit Program is available from state and local agencies, publications and websites. Any such information that is inconsistent with the information set forth in this Information Statement should be disregarded. No such information is a part of or incorporated into this Information Statement. The references to internet websites contained in this Information Statement are shown for reference and convenience only; the information contained in such websites is not incorporated herein by reference and does not constitute a part of this Information Statement.

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

This Information Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Information Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. Investors must read the entire Official Statement (consisting of this Information Statement and the applicable supplement) to obtain information essential to the making of an informed investment decision. This Information Statement is submitted with respect to the sale of the Authority's toll bridge revenue bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of this Information Statement and its distribution have been duly authorized and approved by the Authority. The Authority intends to update this Information Statement after MTC's audited financial statements for the fiscal year ending June 30, 2010, become available and annually thereafter; however, other than what is provided in the Continuing Disclosure Agreements relating to toll bridge revenue bonds issued by the Authority, the Authority is not obligated to provide any update hereto and may discontinue its annual updates at any time without notice. See "CONTINUING DISCLOSURE."

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS INFORMATION STATEMENT

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

The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to

issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.



INTRODUCTION and purpose of this information statement

This Information Statement dated April __, 2010 (this “Information Statement”) relates to the Bay Area Toll Authority (the “Authority”), which administers the toll revenues from seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (each, a “Bridge” and collectively, the “Bridge System”). This Information Statement describes the Authority, the Bridge System, capital projects and programs funded by the Authority, the Authority’s toll bridge revenue bonds and the security and sources of payment therefore, and certain other investment considerations.

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

BAY AREA TOLL AUTHORITY

The Authority is a public agency created in 1997 by California law. It operates pursuant to Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and, as referenced in Section 30961 thereof, 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”).

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

The Authority has the same governing board members as the Metropolitan Transportation Commission (“MTC”). MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the “Bay Area.” As such, it is responsible for regularly updating the regional transportation plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, railroad, bicycle and pedestrian facilities. MTC administers state and federal grants for transportation projects and screens requests from local agencies for such grant funding to determine their compatibility with the regional transportation plan. State legislation adopted in 1997 has given regional

transportation planning agencies such as MTC increased decision-making authority over the selection of state highway projects and the allocation of transit expansion funds for the state transportation improvement program. MTC also monitors transit operators' budgets, conducts performance audits and adopts a yearly transit improvement program to ensure that the region's numerous bus, rail and ferry systems are coordinated in terms of their routes, fares, transfer policies, schedules, passenger information and facilities.

The Authority has issued senior toll bridge revenue bonds (the "Senior Bonds") under the Master Indenture, dated as of May 1, 2001 (as amended and supplemented, the "Master Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Master Indenture Trustee"). At May 1, 2010, the aggregate principal amount of Senior Bonds outstanding was \$5,595,125,000. The Authority plans to issue subordinate toll bridge revenue bonds (the "Subordinate Bonds") under the Subordinate Indenture, dated as of _____, 2010 (the "Subordinate Indenture"), between the Authority and _____, as trustee (the "Subordinate Indenture Trustee"). The governing board of the Authority has authorized issuing up to \$ _____ principal amount of Subordinate Bonds in 2010.

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

FINANCIAL STATEMENTS

Audited financial information relating to the Authority is included in MTC's financial statements. MTC does not prepare separate financial statements for the Authority. MTC's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009, including MTC's Financial Statements For Years Ended June 30, 2009 and 2008, is attached as APPENDIX A.

INDEPENDENT ACCOUNTANTS

The financial statements included in APPENDIX A to this Information Statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in MTC's Financial Statements For Years Ended June 30, 2009 and 2008 appearing in APPENDIX A.

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

THE BRIDGE SYSTEM

General

The Bridge System consists of the seven bridges described below. The Golden Gate Bridge, which connects San Francisco with Marin County, is not owned or operated by the State, nor is it administered by the Authority. A map of the Bridge System appears in the prefatory pages of this

Information Statement. For selected demographic statistics for the Bay Area, see Table 13 on page 123 of APPENDIX A—“METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.”

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

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

The San Francisco-Oakland Bay Bridge has an overall length of approximately 8.5 miles consisting of two major bridge structures and a connecting tunnel on Yerba Buena Island, which is located at the midpoint of the bridge. The west span consists of two suspension bridges with a common central anchorage and a truss span at the San Francisco end; the length of the western crossing is 10,300 feet. A 520 foot long tunnel on Yerba Buena Island connects the western crossing to the eastern crossing. The east span consists of a 1,800 foot long steel detour viaduct connected to a 2,418 foot long steel cantilever truss followed by five 509 foot long steel trusses and 14 additional shorter spans that bring the roadways down to the East Bay shoreline.

The State of California Department of Transportation (“Caltrans”) is constructing a replacement for the east span. See “CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects.” The existing east span is constructed using a number of structural steel elements, including eyebars. One of the eyebars on the east span cracked during 2009 and closures of the Bridge in both directions were needed to implement repairs to the eyebar. Other eyebars on the east span may need to be reinforced before the replacement east span is open to traffic. Caltrans and the Authority are unable to predict whether or how many (if any) repairs, retrofits or bridge closures for the eyebars will be needed. See “RISK FACTORS – Risk of Earthquake” and “—Other Force Majeure Events.”

Carquinez Bridge. The Carquinez Bridge consists of two parallel spans that cross the Carquinez Strait between the Cities of Vallejo and Crockett and carry Interstate 80, linking 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 east span is the older of the two bridges and opened in 1958. The east span is a through-truss superstructure 3,350 feet long with cantilever spans of 1,100 feet consisting of welded members of high strength steel bolted together and carries four lanes of northbound Interstate 80 traffic. The east span is of similar construction to the existing east span of the San Francisco-Oakland Bay Bridge with similar eyebars. Caltrans and the Authority are unable to predict whether or how many (if any) repairs, retrofits or bridge closures for the eyebars will be needed. The west span is a recently constructed suspension bridge with concrete towers and steel orthotropic box girder decks that opened to traffic in 2003 and carries four lanes of southbound traffic.

Benicia-Martinez Bridge. The Benicia-Martinez Bridge consists of two parallel spans that cross the Carquinez Strait approximately six miles east of the Carquinez Bridge and carry Interstate 680. The bridge provides a direct connection from the north bay and Sacramento regions to central and eastern Contra Costa and Alameda and Santa Clara Counties. The bridge corridor is a major interstate route and links 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. 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. Following the opening of the new east span in 2007 carrying five lanes of northbound traffic, the west span has been modified to carry four lanes of southbound traffic and a pedestrian/bicycle lane. The new east span features the Bay Area's first open road tolling FasTrak Express Lanes. The new east span is a cast-in-place reinforced concrete structure 8,790 feet long including approaches. See "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects."

San Mateo-Hayward Bridge. The San Mateo-Hayward Bridge is approximately 17 miles south of the San Francisco-Oakland Bay Bridge, 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 current bridge was built in 1967 and seismically retrofitted in 2000. The high-level steel section of the current structure is approximately two miles long and carries six lanes of traffic. The low-rise trestle section of the bridge was widened to carry six lanes of traffic as well in 2003.

Richmond-San Rafael Bridge. The Richmond-San Rafael Bridge opened to traffic in 1956 and carries 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 5.5 miles long and of cantilever-truss construction. Its major spans are 1,070 feet long. As originally constructed, a single three-lane deck carried two-way traffic. A lower two-lane deck was constructed later, resulting in a two-deck structure carrying traffic in opposite directions. The Richmond-San Rafael Bridge is of similar construction to the existing east span of the San Francisco-Oakland Bay Bridge with similar eyebars. Caltrans and the Authority are unable to predict whether or how many (if any) repairs, retrofits or bridge closures for the eyebars will be needed.

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

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 1.8 mile long high-level fixed-span structure replaced the original bridge constructed in 1926. The Antioch Bridge spans the 3,600-foot wide San Joaquin River and extends 4,000 feet onto Sherman Island in Sacramento County to the north and 1,000 feet into Contra Costa County to the south. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders for pedestrians and bicyclists. This bridge has been the subject of recent seismic vulnerability study and analysis, and Caltrans has determined that a seismic retrofit is needed. California law was amended effective on January 1, 2010 at the request of the Authority to add the Antioch Bridge to the state toll bridge seismic retrofit program and require the Authority to fund the

seismic retrofit of the Antioch Bridge. See “—Toll Setting Authority” below and “CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects.”

Toll Setting Authority

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

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

All bridge tolls are treated as a single revenue source for accounting and administrative purposes and for the purposes of the Authority’s toll bridge revenue bond financing documents.

Bridge Tolls

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

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

In 2000, Caltrans installed on each Bridge the FasTrak system, an automated toll collection and accounting system by which tolls may be collected electronically. In 2007, open road tolling, which eliminates toll booths for the FasTrak lanes, commenced on the Benicia-Martinez Bridge. In December, 2009, approximately 65% of peak morning period toll-paying traffic, 61% of peak afternoon period toll-paying traffic, and 53% of total toll-paying traffic were FasTrak users.

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

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

The table below sets forth the toll rates in effect from January 1, 2007 to June 30, 2010 on each of the bridges.

BRIDGE SYSTEM TOLL RATES UNTIL JUNE 30, 2010

<u>Number of Axles Per Vehicle</u>	<u>RM Toll</u>	<u>Seismic Surcharge</u>	<u>Total Toll</u>
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

The Authority granted toll-free passage on the Bridges to commuter buses and vanpool vehicles at all hours. The Authority granted toll-free passage on the Bridges to high-occupancy vehicles (car pool vehicles and motorcycles) and inherently-low-emission vehicles (such as electric cars), but only during peak hours on weekdays. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours. In the fiscal year ended June 30, 2009, authorized toll-free traffic consisted of approximately 10 million vehicles (representing about 9% of total traffic).

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

As part of the toll increase, high-occupancy vehicles and inherently-low-emission vehicles will no longer have toll-free passage on the Bridges during peak hours on weekdays but will pay a reduced-rate toll of \$2.50 on all Bridges during those hours. Peak hours will be from 5 a.m. to 10 a.m. and from 3 p.m. to 7 p.m. weekdays on all Bridges. This change is projected to increase bridge toll revenues by approximately \$25 million annually. High-occupancy vehicles and inherently-low-emission vehicles will continue to pay the two-axle vehicle rate outside of peak hours.

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

Multi-axle vehicles will pay the tolls shown in the table above until June 30, 2011 and increased tolls thereafter based on a toll of \$5.00 times the number of axles in excess of two axles, with half of the increase taking effect on July 1, 2011 and the full increase taking effect on July 1, 2012.

The table below sets forth the toll rates adopted in January of 2010, effective on July 1, 2010.

BRIDGE SYSTEM TOLL RATES ADOPTED IN JANUARY 2010

Number of axles per vehicle	<u>San Francisco-Oakland Bay Bridge</u>	<u>Other Bridges</u>
2 axles	\$6.00 peak hours, \$4.00 non-peak hours, \$5.00 weekends; reduced rate vehicles have reduced rate of \$2.50 during peak hours	\$5.00 all hours; reduced rate vehicles have reduced rate of \$2.50 during peak hours
3 axles	\$6.00 until June 30, 2011, \$10.50 until June 30, 2012, and \$15.00 starting on July 1, 2012	Same as San Francisco-Oakland Bay Bridge
4 axles	\$8.25 until June 30, 2011, \$14.00 until June 30, 2012, and \$20.00 starting on July 1, 2012	Same as San Francisco-Oakland Bay Bridge
5 axles	\$11.25 until June 30, 2011, \$18.00 until June 30, 2012, and \$25.00 starting on July 1, 2012	Same as San Francisco-Oakland Bay Bridge
6 axles	\$12.00 until June 30, 2011, \$21.00 until June 30, 2012, and \$30.00 starting on July 1, 2012	Same as San Francisco-Oakland Bay Bridge
7 axles or more	\$13.50 until June 30, 2011, \$24.25 until June 30, 2012, and \$35.00 starting on July 1, 2012	Same as San Francisco-Oakland Bay Bridge

Motor Vehicle Traffic

The following table sets forth total toll-paying motor vehicle traffic for fiscal years ended June 30, 2000, through June 30, 2009. See Table 9 on page 119 of APPENDIX A—“METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.”

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

Fiscal Year Ended June 30,	San Francisco-Oakland Bay Bridge	Carquinez Bridge	Benicia-Martinez Bridge	San Mateo-Hayward Bridge	Richmond-San Rafael Bridge	Dumbarton Bridge	Antioch Bridge	Total ⁽¹⁾	Percent Change
2000	44,856	20,462	16,814	14,409	11,841	10,400	1,910	120,692	--
2001	45,168	21,194	17,159	14,072	12,277	10,948	2,116	122,934	1.9%
2002	45,118	21,678	17,733	13,726	12,468	10,779	2,325	123,826	0.7
2003	44,996	21,824	17,795	14,343	12,514	10,224	2,354	124,048	0.2
2004	44,646	22,054	17,988	15,201	12,399	9,977	2,478	124,742	0.6
2005	43,357	21,344	17,116	14,789	11,758	9,298	2,472	120,135	(3.7)
2006	41,265	20,914	17,071	15,131	11,908	9,529	2,479	118,298	(1.5)
2007	40,134	20,722	16,975	14,881	11,913	9,516	2,517	116,659	(1.4)
2008	39,555	19,875	17,440	14,358	11,782	9,194	2,366	114,570	(1.8)
2009	40,118	19,441	17,426	13,629	11,542	8,708	2,208	113,072	(1.3)

⁽¹⁾ Totals may not add due to rounding.

Source: Caltrans/The Authority.

Total toll-paying traffic on the Bridge System has declined in each fiscal year since the fiscal year ended June 30, 2004. The Authority believes that this decline in total traffic may be attributed to, among other factors, ongoing construction and resulting congestion on and temporary closures of the San Francisco-Oakland Bay Bridge, spikes in fuel costs, and a general decline in the Bay Area economy. The Authority has also seen an increase in toll violators. Toll violators include drivers that intentionally avoid the payment of tolls (approximately 2% of total traffic in the fiscal year ended June 30, 2009). The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue (see “HISTORICAL REVENUE, EXPENDITURES AND DEBT SERVICE COVERAGE”). The Authority has been working to improve the process for collecting violation revenue through a series of system and process upgrades. The Authority is unable to predict whether the downward trend in total toll-paying traffic will continue.

Bridge System Operations and Maintenance

The Authority adopts an annual toll collection operating budget (the “Operating Budget”). The Authority’s Operating Budget includes the costs for operation and maintenance of the Bridge System that are payable from tolls, the costs of operation of the FasTrak system, cash management, toll system administration and finance, MTC Transfers, and various other items. The Authority also pays certain operating and administrative expenses, including bank liquidity fees relating to toll bridge revenue bonds and the costs of the FasTrak system and related consultant contracts (referred to herein as the “Authority Operating Expenses”).

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 the Authority 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 maintenance expenditures (as described below). The Cooperative Agreement is scheduled to expire on July 1, 2015.

Maintenance Expenditures

California Streets and Highways Code Section 188.4 provides that Caltrans’ maintenance expenditures on the Bridge System are classified as either Category A maintenance expenditures or Category B maintenance expenditures. Under an amendment to California law that took effect on January 1, 2010, all such expenditures that are required to be funded from the Authority’s bridge toll revenues are to be funded from bridge toll revenues remaining after provision is made for payment of all obligations of the Authority that are secured by a pledge of bridge toll revenues. The Authority’s toll bridge revenue bonds and its bond-related interest rate swap, credit and liquidity agreements are secured by a pledge of bridge toll revenues.

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 Bridge System 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 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 by the State until Seismic Retrofit Program work is completed. Upon completion of Seismic Retrofit Program work on the San Francisco-Oakland Bay Bridge, Category A maintenance expenditures for that Bridge also will be payable from the Authority’s bridge toll revenues.

Category B maintenance expenditures include all expenses related to Caltrans’ operation and maintenance of toll facilities on the 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. Category B maintenance expenditures are payable from the Authority’s bridge toll revenues.

The Authority also pays directly (not through Caltrans) certain operating and administrative expenses for the Bridge System, including the costs of the FasTrak system and related consultant contracts (defined above as “Authority Operating Expenses”). Authority Operating Expenses were approximately \$43.9 million in Fiscal Year 2008-2009.

See the “Bridge System” table under “HISTORICAL REVENUE, EXPENDITURES AND DEBT SERVICE COVERAGE” for a five-year history of Category A maintenance expenditures, Category B maintenance expenditures, and Authority Operating Expenses.

Operations and Maintenance Fund

The Master Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund equals two times the budgeted Category B Maintenance expenditures for the Fiscal Year. The principal amount held in the Operations and Maintenance Fund is to be used and withdrawn by the Authority solely to pay Category B Maintenance expenditures and is not pledged to the payment of the Authority's Secured Obligations. Interest and other income from the investment of money in the Operations and Maintenance Fund is pledged to the payment of the Authority's Secured Obligations. The Authority certified to the Master Indenture Trustee as of July 1, 2009 that the balance in the Operations and Maintenance Fund as of that date was approximately \$150 million. See "Bridge System Operations and Maintenance" above.

The Master 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 Master Indenture for as long as the Authority shall punctually pay the principal of and interest on the Senior Bonds as they become due and observe and comply with the toll rate covenants in the Master Indenture. The Subordinate Indenture does not require the Operations and Maintenance Fund to be funded. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Toll Rate Covenants" and APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Covenants of the Authority."

Transfers to MTC

The annual operating budget of the Authority provides for fund transfers to MTC (the "MTC Transfers") for the purposes set forth in the Act as described below. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Toll Rate Covenants." These fund transfers are subordinate to the Authority's Secured Obligations.

The following table sets forth transfers to MTC required by State law and regional measures, for the past five Fiscal Years. See “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE 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⁽²⁾	Total
2005	11.91	0.94	9.90	6.82	3.29	32.86
2006	11.64	0.92	9.41	17.38	8.80 ⁽³⁾	48.15
2007	11.32	0.91	9.10	24.27	5.19	50.79
2008	11.08	0.89	8.97	26.70	6.26	53.90
2009	10.88	0.87	9.05	28.34	5.25	54.39

⁽¹⁾ Regional Measure 2 Operating Transfers are expected to continue to increase in future years as additional eligible operating programs are implemented, subject to a statutory cap of 38% of RM2 revenue. Total RM2 revenue equaled approximately \$113 million in the fiscal year ended June 30, 2009.

⁽²⁾ Authority Administrative Costs are transferred by the Authority to MTC. This amount does not include Authority Operating Expenses, which are also subordinate to debt service and amounted to approximately \$43.9 million in the fiscal year ended June 30, 2009.

⁽³⁾ Includes, in addition to Authority Administrative Costs that are limited to 1% of the gross annual bridge toll revenues, direct operating costs of the Authority and MTC for initial RM2 project management set-up costs.

Source: The Authority.

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

The “Two Percent Transit Reserves Transfer” is the transfer of up to 2% of the revenue collected on all of the Bridges from the base toll at its level in existence for the fiscal year ended June 30, 2002. No minimum transfer is specified. The Authority transfers 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 Bridges. MTC must apply the remaining one-third of the Two Percent Transit Reserves to planning, construction, operation and acquisition of rapid water transit systems. However, federal legal limitations on toll revenue expenditures preclude MTC from making any allocations of toll revenues from certain of the 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.

The “Rail Extension Reserves Transfer” is the transfer of an amount equal to 21% of the revenue generated each year on the San Francisco-Oakland Bay Bridge from the collection of the base toll at its level in existence for the fiscal year ended June 30, 2002. Rail Extension Reserves are 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 MTC as Regional Measure 2 Operating Transfers, and that all such transfers must first be authorized by MTC. Under Section 129(a)(3) of Title 23 of the United States Code, federal participation is limited on facilities that expend toll revenues for certain types of projects, including transit operations. MTC has received an opinion from the Federal Highway Administration that transit planning is an eligible expense and, as such, the Authority has made transfers to MTC for such purpose. MTC also has received an opinion from the Federal Highway Administration that it may expend toll funds on transit operations, if such funds are collected on bridge facilities that have not received federal assistance. There are four Bridges (Dumbarton, San Mateo-Hayward, Carquinez and Antioch) that have not received federal assistance. The Authority limits Regional Measure 2 Operating Transfers to revenue derived from the RM2 toll revenue from these four Bridges and expects that tolls from such four Bridges will be sufficient to make Regional Measure 2 Operating Transfers.

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

MTC has determined that the current statutory schedule for AB 664 Net Toll Revenue Reserve Transfers, Two Percent Transit Reserves Transfers, and Rail Extension Reserves Transfers (collectively, the “Fund Transfers”) may be inadequate to timely fund some of the projects planned by MTC. MTC and the Authority have authorized an agreement whereby the Authority will make a payment to MTC of \$_____, which is equal to the estimated present value of the Fund Transfers for a period of ___ years, and the Authority will be relieved from making Fund Transfers for that same period. The payment to MTC will be funded from bridge toll revenues and the proceeds of toll bridge revenue bonds. Such payment is expected to be made during 2010.

CAPITAL PROJECTS AND FUNDING

Regional Measure 1 Projects

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

Regional Measure 2 Projects

RM2 authorizes the Authority to contribute funds for 36 transit, highway and bridge enhancement and improvement projects that were determined to reduce congestion or to make improvements to travel in the toll bridge corridors (the “RM2 Projects”) at a cost of \$1.465 billion and to provide additional funding for the new span of the Benicia-Martinez Bridge (\$50 million). RM2 also

authorized the Authority to contribute funds every year for operating costs of specified public transportation agencies as another component of the regional traffic relief plan set forth in the ballot measure. Operating cost funding totaled approximately \$28.3 million for the fiscal year ended June 30, 2009.

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

The Authority's expenditures for RM2 Projects aggregated approximately \$420 million through December 31, 2009. See APPENDIX E – "REGIONAL MEASURE 2 CAPITAL PROJECTS."

Summary of RM1 and RM2 Capital Projects

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

SUMMARY OF RM1 PROJECTS AND RM2 PROJECTS Program Budget and Project Status as of December 31, 2009 (\$ in millions)

<u>Contract</u>	<u>Status</u>	<u>Current Approved Budget⁽¹⁾</u>	<u>Forecast Cost at Completion</u>	<u>Expenditures through December 31, 2009</u>
I-880/SR-92 Interchange Improvement	Construction	\$ 245.0	\$ 245.0	\$ 149.1
New Benicia-Martinez Bridge ⁽²⁾	Completed	1,272.5	1,272.5	1,206.2
Carquinez Bridge Replacement	Completed	518.2	518.2	512.6
Richmond-San Rafael Bridge Deck Resurfacing	Completed	20.0	20.0	19.6
Richmond-San Rafael Bridge Trestle, Fender and Deck Joint Rehabilitation	Completed	97.1	97.1	96.3
Richmond Parkway	Completed	5.9	5.9	4.3
San Mateo-Hayward Bridge Widening	Completed	209.8	209.8	208.7
Bayfront Expressway (SR-84) Widening	Completed	34.1	34.1	33.4
US-101/University Ave. Interchange Improvement	Completed	3.8	3.8	3.7
RM1 Capital Projects Subtotal⁽³⁾		\$2,406.4	\$2,406.4	\$2,233.9
RM2 Capital Projects Subtotal⁽⁴⁾		\$1,465.0 ⁽⁵⁾	\$1,465.0 ⁽⁵⁾	\$420.0

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

⁽²⁾ The project budget for the new Benicia-Martinez Bridge includes \$50 million from RM2 allocated for modification of the existing older bridge.

⁽³⁾ Subtotals may not add due to independent rounding of numbers.

⁽⁴⁾ The RM2 Capital Projects Subtotals are approximate. They do not include \$50 million allocated for the new Benicia-Martinez Bridge project under RM2. Such amount is included in the budget for New Benicia-Martinez Bridge above. See APPENDIX E—"REGIONAL MEASURE 2 CAPITAL PROJECTS."

⁽⁵⁾ Under the Act, the Authority is required to fund the enumerated RM2 Projects by issuance of additional toll bridge revenue bonds or transfer of bridge toll revenues in an amount in the aggregate not to exceed \$1.515 billion but is not required to fund such projects beyond the amount expressly provided in the Act. The remainder of funds required to complete the RM2 Projects are expected to come from other sources. See "- Regional Measure 2 Projects" above.

Source: The Authority.

Seismic Retrofit Program Capital Projects

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

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

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

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

The self-anchored suspension superstructure (“SAS”) is a major component of the replacement of the east span. The contractor has reported that fabrication of the steel tower and roadway boxes has fallen 15 months behind schedule due to the complexity of the design and fabrication. In addition, fabrication of the last two roadway sections at the east end of the new span has fallen behind schedule due to delays in the fabrication and drawing preparation process. As a result, the new east span is currently forecast to open to traffic in 2013. Based on Caltrans’ latest risk management assessment for the SAS contract, there is a potential for a \$194 million increase to the contract amount. That cost increase is expected to be covered by the contingency amounts that are part of the overall Toll Bridge Seismic Retrofit Program budget. As disclosed under “RISK FACTORS—Construction Delays and Cost Escalation,” a number of other factors could contribute to cost increases in the future, and thus it is possible that costs of the east span replacement may exceed those contingency amounts.

The following table sets forth the status, budget, forecast costs at completion and forecast year of completion with respect to the 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 DECEMBER 31, 2009**

<u>Contract</u>	<u>Status</u>	<u>Forecast Year of Completion</u>
Skyway	Completed	--
Self Anchored Suspension (SAS) Span Marine Foundations	Completed	--
Stormwater Treatment Measures	Completed	--
Right-of-Way and Environmental Mitigation	Completed	--
SAS Superstructure	Under Construction	2013
Yerba Buena Island (YBI) Detour	Under Construction	2010
Oakland Touchdown (OTD) (an aggregate of up to 4 contacts)	Under Construction	2014
YBI Transition Structures (an aggregate of up to 3 contracts)	Bids Opened/In Design	2014
Existing East Span Demolition	In Design	2015

Source: Caltrans.

East Span Funding Sources. At December 31, 2009, approximately \$3.95 billion (64 percent) of the \$6.14 billion estimated cost of the new east span of the San Francisco-Oakland Bay Bridge had been expended. The remaining costs will be paid by the Authority from funds on hand for that purpose derived from various sources and funds derived by the Authority from future bridge tolls, investment earnings, and toll bridge revenue bond proceeds.

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

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

Oversight Committee. Legislation enacted in 2005 established the Toll Bridge Program Oversight Committee (the “Oversight Committee”), which has a project oversight and project control process for the Seismic Retrofit Program projects. The Oversight Committee consists of the Director of Caltrans, the Executive Director of the California Transportation Commission and the Executive Director of the Authority. The Oversight Committee’s project oversight and control processes include, but are not limited to, reviewing bid specifications and documents, providing field staff to review ongoing costs, reviewing and approving significant change orders and claims (as determined by the Oversight Committee), and preparing project reports. All contract specifications and bid documents are developed by Caltrans and must be reviewed and approved by the Authority prior to their release. Caltrans is responsible for the award of all contracts.

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

Antioch Bridge and Dumbarton Bridge. Caltrans has determined that the Antioch Bridge and the Dumbarton Bridge both require seismic retrofit. Caltrans has recommended that the Antioch Bridge be retrofitted using a “no collapse” strategy and that the Dumbarton Bridge be retrofitted using an “intermediate strategy” as described under “—Seismic Design Strategies for the Bridge System” below. The work on the Antioch Bridge is proposed to consist of the installation of isolation bearings and strengthening the superstructure and substructure. The work on the Dumbarton Bridge is proposed to consist of the installation of isolation bearings and strengthening the substructure for the main span and approaches. [Both projects have 100% complete designs and construction bids have been advertised. Based on the design scope, the current project cost estimate for the Antioch Bridge is approximately \$267 million and for the Dumbarton Bridge is approximately \$483 million. It is anticipated that construction will commence in 2010 at each bridge and that the work would be completed on the Antioch Bridge in 2012 and on the Dumbarton Bridge in 2013.]

Seismic Retrofit Program Status

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

SUMMARY OF SEISMIC RETROFIT PROGRAM CAPITAL PROJECTS⁽¹⁾ Program Budget and Project Status as of December 31, 2009 (\$ in millions)

<u>Contract</u>	<u>Status</u>	<u>Current Approved Budget</u>	<u>Forecast Cost at Completion</u>	<u>Expenditures through Dec. 31, 2009</u>
San Francisco-Oakland Bay Bridge–East Span Retrofit and Replacement ⁽¹⁾	Under Construction	\$5,687.1	\$6,135.4	\$3,953.7
Antioch Bridge Retrofit	Bids Advertised			
Dumbarton Bridge Retrofit	Bids Advertised			
San Francisco-Oakland Bay Bridge–West Approach Replacement	Completed	467.7	455.1	445.0
San Francisco-Oakland Bay Bridge–West Span Retrofit	Completed	307.9	307.9	302.0
Richmond-San Rafael Bridge Retrofit	Completed	816.5	816.5	794.2
Benicia-Martinez Bridge Retrofit	Completed	177.8	177.8	177.8
Carquinez Bridge Retrofit	Completed	114.2	114.2	114.2
San Mateo-Hayward Bridge Retrofit	Completed	163.5	163.5	163.4
Vincent Thomas Bridge Retrofit	Completed	58.5	58.5	58.4
San Diego-Coronado Bridge Retrofit	Completed	103.5	103.5	102.6
Toll Bridge Seismic Retrofit Program Subtotal⁽²⁾		\$7,896.7	\$8,332.4	\$6,111.3
Misc. Program Costs		30.0	30.0	24.7
Programmatic Risk and Project Contingency		758.3	322.6	---
Total⁽²⁾		\$8,685.0	\$8,685.0	\$6,136.0

⁽¹⁾ The new bridge is forecast to open in the westbound and eastbound directions in 2013. Demolition of the existing bridge is forecast to be completed in September 2015.

⁽²⁾ Subtotals and totals may not add due to independent rounding of numbers.

Source: Caltrans.

Seismic Design Strategies for the Bridge System

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

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

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

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

BRIDGE DESIGN BASIS AND SEISMIC STRATEGY STATUS

Bridge	Seismic Strategy
Antioch ⁽³⁾	“No Collapse” Strategy Avoid catastrophic failure
Benicia—Martinez (existing span) ⁽¹⁾	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
Benicia—Martinez (new span) ⁽²⁾	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
Carquinez (existing east span) ⁽¹⁾	Intermediate Strategy Moderate to major damage expected
Carquinez (new west span) ⁽²⁾	Intermediate Strategy Moderate to major damage expected
Dumbarton ⁽³⁾	Intermediate Strategy Moderate to major damage expected
Richmond—San Rafael ⁽¹⁾	“No Collapse” Strategy Avoid catastrophic failure
San Francisco—Oakland (east span) ⁽¹⁾	Lifeline Structure is under construction Minor to moderate damage expected, reopen to traffic quickly Current Structure Intermediate Strategy Moderate to major damage expected
San Francisco—Oakland (west span) ⁽¹⁾	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
San Mateo—Hayward ⁽¹⁾	Intermediate Strategy Moderate to major damage expected

⁽¹⁾ A Seismic Retrofit Program project.

⁽²⁾ A RM1 Project.

⁽³⁾ A Seismic Retrofit Program project pursuant to legislation effective on January 1, 2010.

Source: Caltrans.

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

Bridge Rehabilitation Program

In addition to the RM1 Projects, RM2 Projects and Seismic Retrofit Program projects, the Authority funds other capital rehabilitation and operational improvement projects on the Bridge System.

The Authority has developed a ten-year rehabilitation program through the fiscal year ending June 30, 2014 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 in the amount of approximately \$__ million per fiscal year.

Regional Express Lanes Initiative

MTC is discussing with the Authority, Caltrans and the local congestion management agencies ways to establish a multi-county, high-occupancy toll lane (“express lane”) network in the Bay Area by converting existing high-occupancy vehicle lanes into lanes that may also be used by vehicles without the requisite number of occupants upon payment of a toll. New lanes would also be constructed for the same purpose. Legislation (Assembly Bill 744) is pending in the State legislature under which the Authority would develop, administer, operate, and maintain the network. Alternatives under discussion include having MTC, or a joint powers authority acting on behalf of MTC, proceed with the project under other statutes with only limited participation by the Authority. The Authority is unable to predict the outcome of such discussions or whether enabling legislation will be needed or enacted.

INVESTMENT PORTFOLIO

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

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

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

As explained in Notes 1.S and 5, starting on pages 46 and 57, respectively, of APPENDIX A “METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009,” the Authority’s investment income for Fiscal Year 2008-2009 was comprised of interest income from investments and changes in the fair market value of certain interest rate swaps that were hedges for variable rate demand bonds that were refunded and that no longer had an underlying bond to hedge. This resulted in a non-cash derivative investment charge of \$38,719,155. The Authority’s Senior Indenture does not require the Authority to

take that non-cash charge into account in calculating Revenue or for purposes of the additional bonds test and the rate covenants described under “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Toll Rate Covenants—Master Indenture” and “Additional Bonds Tests—Master Indenture.” For more information regarding the investment policy and portfolio of MTC and the Authority, including a discussion of certain deposit and investment risk factors, see Note 1.H and Note 3.A, starting at page 41 and page 48, respectively, of APPENDIX A—“METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.” The most current supplement hereto is expected to contain updated information concerning the investments in the investment portfolio of MTC and the Authority.

Historical Revenue, Expenditures and Debt Service Coverage

The following table sets forth historical revenue, expenditures and debt service coverage with respect to the Bridge System for the fiscal years ended June 30, 2005 through 2009. For calculations showing debt service as a percentage of Bridge Toll Revenues (only) net of all operating expenses, see Table 11 on page 121 of APPENDIX A—“METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.” The presentation of Bridge System Historical Revenue, Expenditures and Debt Service Coverage in the table below is intended to provide potential investors with information about the revenues and selected related expenditures, as well as the debt service coverage. The presentation is not prepared in accordance with generally accepted accounting principles and could differ from comparable presentations by other similar organizations.

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

Fiscal Year Ended June 30,	2005	2006	2007	2008	2009
Revenue					
Bridge Toll Revenues	\$248,141	\$280,277 ⁽¹⁾	\$422,355	\$477,377	\$470,136
Interest Earnings	21,235	44,060	96,415	116,134	38,740 ⁽⁷⁾
Other Revenues ⁽²⁾	4,090	9,657	5,989	14,309	18,088
Total Revenue	\$273,466	\$333,994	\$524,759	\$607,820	\$526,964
Less: Category B Maintenance Expenditures⁽³⁾	\$37,582	\$32,657	\$29,576	\$30,271	\$28,609
Net Revenue	\$235,884	\$301,337	\$495,183	\$577,549	\$498,355
Senior Obligation Debt Service	\$35,374	\$68,931	\$161,144	\$234,479	\$238,607
Senior Obligation Debt Service Coverage⁽⁴⁾	6.67x	4.37x	3.07x	2.46x	2.09x
Category A Maintenance Expenditures and Authority Operating Expenses^{(5) (6)}	\$18,046	\$35,132	\$49,404	\$48,253	\$64,364
MTC Transfers⁽⁶⁾	\$32,859	\$48,152	\$50,785	\$53,904	\$54,393

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

(2) Consists of, among other things, violation revenues. Includes \$1.26 million of transfers from MTC for the fiscal year ended June 30, 2009 relating to a Transit Cooperative Research Program grant.

(3) Includes Caltrans' operation and maintenance expenses that were payable prior to debt service on Senior Obligations until January 1, 2010 when new legislation became effective that made those expenses subordinate to the Authority's obligations secured by a pledge of toll revenues. Does not include all operating expenses of the Bridge System. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance—Maintenance Expenditures" above.

(4) Equals Net Revenue divided by Debt Service on Senior Obligations.

(5) Prior to the fiscal year ended June 30, 2006, Category A maintenance expenditures were not payable from Bridge Toll Revenues. Beginning in that fiscal year, Category A maintenance expenditures other than with respect to the San Francisco-Oakland Bay Bridge were payable from Bridge Toll Revenues. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance—Maintenance Expenditures" above. Authority Operating Expenses include bank liquidity fees and operating expenses of the Authority, and, beginning in the fiscal year ended June 30, 2007, FasTrak and open road tolling expenditures. In the fiscal year ended June 30, 2009, the Authority experienced an increase in bank liquidity fees and certain other financing fees it pays.

(6) Category A maintenance expenditures, Authority Operating Expenses, financing fees and MTC Transfers are subordinate to the Authority's obligations secured by a pledge of toll revenues. See "THE BRIDGE SYSTEM — Bridge System Operations and Maintenance-Maintenance Expenditures" and "THE BRIDGE SYSTEM — Transfers to MTC."

(7) Does not reflect non-cash derivative investment charge of \$38,719,155 that does not reduce Revenue for purposes of the Master Indenture or the Subordinate Indenture. See "INVESTMENT PORTFOLIO" and Notes 1.S and 5, starting on pages 46 and 57, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

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

Source: The Authority, except information regarding Category A maintenance expenditures provided by Caltrans.

SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS

As of May 1, 2010, the Authority had Senior Bonds outstanding as toll bridge revenue bonds in the aggregate principal amount of \$5,595,125,000, comprised of \$1,457,760,000 aggregate principal amount of variable rate demand bonds and \$4,137,365,000 aggregate principal amount of fixed rate bonds. In April 2010, the Authority's governing board authorized the issuance of fixed interest rate Subordinate Bonds in 2010 as toll bridge revenue bonds in the aggregate principal amount of up to \$_____. Additional toll bridge revenue bonds may be issued in the future (subject to the requirements of and limitations in the Master Indenture and the Subordinate Indenture described below).

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

Subordinate Bonds and obligations of the Authority that are payable on a parity with the Subordinate Bonds are "Subordinate Obligations." As of the date of this Information Statement, there are no Subordinate Obligations outstanding. Subordinate Obligations will be outstanding following the planned issuance of Subordinate Bonds in 2010. In addition, if the Authority were to become obligated to make termination payments under the Authority's Qualified Swap Agreements described below, those obligations would be Subordinate Obligations.

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

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

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

Authority for Issuance of Toll Bridge Revenue Bonds

The Master Indenture permits Senior Bonds to be issued pursuant to the Act for the purpose of toll bridge program capital improvements and for the purpose of refunding Senior Bonds and other Senior Obligations. The Subordinate Indenture permits Subordinate Bonds to be issued pursuant to the Act to finance the construction, improvement and equipping of the Bridge System and for any of the other purposes authorized by the Act, including refunding Senior Obligations, Subordinate Bonds and other Subordinate Obligations.

Senior Bonds are issued by the Authority pursuant to the Master Indenture and the Act, and Subordinate Bonds are issued by the Authority pursuant to the Subordinate Indenture and the Act.

Statutory Lien on Bridge Toll Revenues

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

Pledge by the State

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

Transfers of Revenue

Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Master Indenture and the Subordinate Indenture each require the Authority to transfer to the respective trustees, from the Bay Area Toll Account, Revenue sufficient to make payments on all Senior Obligations and Subordinate Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Master Indenture Trustee is required by the Master Indenture to be deposited in trust in the Bond Fund under the Master Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Master Indenture. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER 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 Master Indenture Trustee under the Master Indenture to provide for payment of Senior Obligations.

Revenue so received from the Authority by the Subordinate Indenture Trustee is required by the Subordinate Indenture to be deposited in trust in the Bond Fund under the Subordinate Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Subordinate Indenture. See APPENDIX C—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE 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 Subordinate Indenture Trustee under the Subordinate Indenture to provide for payment of Subordinate Obligations.

Toll Rate Covenants

Master Indenture. The Authority covenants in the Master Indenture that it will at all times establish and maintain tolls on the Bridge System at rates sufficient to pay debt service on all Senior Obligations secured by Revenue and to meet Category B maintenance expenditures and to otherwise comply with the Act.

The Authority also has covenanted in the Master Indenture 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 the ratios described in (1), (2) or (3) below is less than the required level:

- (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 MASTER INDENTURE”),
 - (B) MTC Transfers (transfers required by RM1, RM2 and State law to be made to MTC for public transit projects, for projects that will help reduce vehicular congestion and improve bridge operations, and for the Authority’s Administrative Costs) (See “THE BRIDGE SYSTEM—Transfers to MTC”),
 - (C) Category A maintenance expenditures (which are normal highway maintenance expenditures payable from Bridge Toll Revenues, see “THE BRIDGE SYSTEM—Bridge System Operations and Maintenance”) and
 - (D) payments on Subordinate Obligations (determined using the principles set forth in the Master Indenture 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 calculated pursuant to the Master Indenture 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 calculated pursuant to the Master Indenture

for the then current fiscal year, is less than 1.20.

For purposes of such calculations, Net Revenue, Category A maintenance expenditures, and Category B maintenance expenditures are determined by reference to the current budget of the Authority.

“Net Revenue” for purposes of the Master Indenture is Revenue less Category B maintenance expenditures. See APPENDIX B — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE.”

The Authority’s calculations in accordance with (1), (2), and (3) above as of June 30, 2008 and as of June 30, 2009 both show that the resulting ratios did not require the Authority to increase tolls. See Schedule 12 at page 98 in the Other Supplementary Information of APPENDIX A—“METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.”

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

The Authority also has covenanted in the Subordinate Indenture:

(1) to compute within ten Business Days after the beginning of that Fiscal Year (the date of computation is a “Coverage Calculation Date”) projected Available Revenue for each Fiscal Year (commencing with the Fiscal Year beginning July 1, 2010) and the ratio produced by dividing projected Available Revenue by projected Debt Service as defined in the Subordinate Indenture (that ratio is the “Coverage Ratio”);

(2) to promptly furnish to the Subordinate Indenture Trustee a Certificate of the Authority setting forth the results of such computations; and

(3) if the Coverage Ratio is less than 1.20:1, to take such action as promptly as practicable after the Coverage Calculation Date (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected Coverage Ratio for that Fiscal Year to equal or exceed 1.20:1.

For purposes of these covenants and calculations, “Available Revenue” means Revenue less Maintenance and Operation Expenses, excluding any amount on deposit in Reserve Funds and any Subsidy Payments, and “Maintenance and Operation Expenses” means all expenses of the Authority and Caltrans for the maintenance and operation of the Bridge System payable from Revenue, determined in accordance with generally accepted accounting principles, excluding capital expenditures, expenditures for rehabilitation and operational improvement projects on the Bridge System, depreciation or obsolescence charges or reserves therefore, and amortization of intangibles or other bookkeeping entries of a similar nature.

Additional Bonds Tests

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

- (a) the additional Senior Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Senior Obligations and the Costs of Issuance of such refunding Senior Obligations; (3) interest on all Senior Obligations to be refunded to the date such Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Senior Obligations from the date thereof to the date of payment or redemption of the Senior Obligations to be refunded; or
- (b) the governing board of the Authority determines that one of the following is true: (1) the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of, and including such additional Senior Obligations, will not be less than 1.50:1; or (2) the ratio of (A) Net Revenue projected by the Authority for each of the next three Fiscal Years, including in such projections amounts projected to be received from any adopted toll increase or planned openings of an additional Bridge, to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of and including such additional Senior Obligations, will not be less than 1.50:1.

For purposes of the above-described calculation, if additional Senior Obligations are issued to finance a Project that includes toll bridge program capital improvements for any bridge newly designated as a 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 MASTER INDENTURE—Definitions” and “—Additional Bonds; Subordinate Obligations.” Prior to the execution of the Build America Bonds Amendment to the Master Indenture, Net Revenue will include federal interest rate subsidy payments. After its execution, they will be excluded from Net Revenue but treated as an offset to interest on Build America Bonds in calculating Annual Debt Service for Senior Bonds. See APPENDIX B—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—PROPOSED BUILD AMERICA BONDS AMENDMENT TO MASTER INDENTURE.”

Pursuant to the Master Indenture, at such time as the Authority determines to issue additional Senior Bonds, the Authority shall, in addition to fulfilling the requirements of the Master Indenture described above, file with the Master Indenture Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Master Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements of the Master Indenture described under subparagraph (a) or (b) of the second immediately preceding paragraph have been satisfied; (c) if such additional Senior Bonds are being issued based upon compliance with the provisions of the Master 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 Senior Bonds shall be increased, if necessary, to an amount at least equal to the Reserve Requirement with respect to all Senior Bonds Outstanding upon the issuance of such Series of Senior Bonds; and (e) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Master Indenture creating such Series of Senior Bonds has been duly authorized by the Authority in accordance with the Master Indenture and that such Series of Senior Bonds, when duly executed by the Authority and authenticated and delivered by the Master Indenture Trustee, will be valid and binding obligations of the Authority.

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

- (a) the Subordinate Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Subordinate Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Subordinate Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Subordinate Obligations or Senior Obligations; (3) interest on all Subordinate Obligations or Senior Obligations to be refunded to the date such Subordinate Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Obligations from the date thereof to the date of payment or redemption of the Subordinate Obligations or Senior Obligations to be refunded; or
- (b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service, calculated as of the date of sale of, and including such Subordinate Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of the four consecutive Fiscal Years following the most recent Fiscal Year for which audited financial statements are available, to (B) Annual Debt Service, calculated as of the date of sale of and including such Subordinate Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the fourth such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of and including such Subordinate Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority shall assume that Bridge Toll Revenues for each such Fiscal Year equal Bridge Toll Revenues for the most recent Fiscal Year for which audited financial statements are available, adjusted to include amounts projected to be received from any adopted toll increase and any additional Bay Area Bridge or Bridges.

For purposes of these calculations, “Available Revenue” means Revenue less Maintenance and Operation Expenses, excluding any amount on deposit in Reserve Funds and any Subsidy Payments; and “Maintenance and Operation Expenses” means all expenses of the Authority and Caltrans for the maintenance and operation of the Bridge System payable from Revenue, determined in accordance with generally accepted accounting principles, excluding capital expenditures, expenditures for rehabilitation

and operational improvement projects on the Bridge System, depreciation or obsolescence charges or reserves therefore, and amortization of intangibles or other bookkeeping entries of a similar nature.

See APPENDIX C—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—Additional Bonds.”

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

Reserve Funds

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

The balance in the Reserve Fund is required by the Master Indenture to equal or exceed the “Reserve Requirement” (defined below). At May 1, 2010, the Reserve Requirement was approximately \$345,274,999, and cash and investments aggregating at least that amount were held in the Reserve Fund.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the lesser of: (i) Maximum Annual Debt Service on all Senior Bonds then Outstanding; and (ii) 125% of average Annual Debt Service on all Senior Bonds then Outstanding; provided that with respect to a Series of Variable Rate Senior Bonds for which a fixed rate swap is not in place, the interest rate thereon for purposes of calculating the Reserve Requirement 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 Senior 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 Senior 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 MASTER INDENTURE—Definitions.”

The Master Indenture Trustee is to draw on the Reserve Fund to the extent necessary to fund any shortfall in the Interest Account or the Principal Account. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Master Indenture 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 MASTER INDENTURE—

Funds and Accounts—Establishment and Application of the Reserve Fund” and “—Funding of the Reserve Fund.”

Subordinate Indenture. Subordinate Bonds may be issued with or without a reserve fund requirement. The Authority will decide at the time of issuance of a series of Subordinate Bonds whether to establish a Reserve Requirement for that series and the amount of the Reserve Requirement. On the date of issuance of any series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement will be deposited in the Reserve Fund under the Subordinate Indenture for those bonds. Alternatively, the Authority may decide to establish a pooled Reserve Requirement for that series of Subordinate Bonds and any one or more subsequently issued series of Subordinate Bonds with the same pooled Reserve Requirement.

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

Build America Bonds Federal Interest Subsidy Payments

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

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

The proposed amendment would have the effect of permitting the Authority to treat such subsidy payments as an offset against interest paid on the Senior Bonds for purposes of the rate covenants and additional bonds tests described above under “Toll Rate Covenants—Master Indenture” and “Additional Bonds Tests—Master Indenture.”

The proposed amendment will be effective upon receipt by the Authority of consents to the

amendment from holders of a majority of the aggregate principal amount of the outstanding Senior Bonds as required by the Indenture. Consents have been received from approximately 44 percent of the outstanding Senior Bonds. Consents also have been received from the Authority's liquidity support providers and interest rate swap counterparties. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." No assurance can be given as to when or whether the requisite consents will be received. The Authority has covenanted to file a continuing disclosure notice upon the effective date of the proposed amendment.

Subordinate Indenture. Under the Subordinate Indenture, federal interest rate subsidy payments received on account of Senior Bonds or Subordinate Bonds may be treated as an offset against interest paid on those bonds for purposes of the additional bonds test and the rate covenants in the Subordinate Indenture described above under "Toll Rate Covenants—Subordinate Indenture" and "Additional Bonds Tests—Subordinate Indenture." Subsidy payments to the Authority on account of Subordinate Bonds are required to be made directly to the trustee under the Subordinate Indenture for the payment of debt service on Subordinate Bonds. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Special Obligations

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

OTHER AUTHORITY OBLIGATIONS

Standby Bond Purchase Agreements

As of May 1, 2010, the Authority has three Standby Bond Purchase Agreements with various banks under which banks have agreed (subject to conditions specified in the agreements) to purchase the Authority's Senior Bonds that are variable rate demand bonds and that are tendered for purchase and are not successfully remarketed. Senior Bonds so held by the banks will continue to be Senior Bonds under the Master Indenture payable on a parity basis with other Senior Bonds. Fees and other payments due to the Banks are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Master Indenture Trustee. The Authority's obligation to pay interest on Credit Provider Bonds evidencing the Authority's obligation to pay amounts advanced under the Standby Bond Purchase Agreements can be as high as 15% per annum. In addition, the amortization period applicable to Credit Provider Bonds may be accelerated under certain circumstances. The Standby Bond Purchase Agreements are not a source of funds for the payment of the principal of or interest on the Senior Bonds.

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

The first Standby Bond Purchase Agreement is dated as of June 1, 2008 and provides liquidity support until June 3, 2011 for the Authority's Variable Rate Demand Bonds, 2008 Series B 1, 2008 Series C-1, 2008 Series D-1, 2008 Series E-1 and 2008 Series G-1. The liquidity providers are Bank of America, N.A. and BNP Paribas, acting through its San Francisco branch.

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

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

Qualified Swap Agreements

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

For a discussion of the Authority's outstanding interest rate swap agreements as of June 30, 2009, see "Note 5—Derivative Instruments" and "—Objective and Terms of Hedging Derivative Instruments" on pages 62-70, and Schedules 15 through 19 on pages 104-108, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009." The Qualified Swap Agreements may terminate upon the occurrence of certain events. In the event a Qualified 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 Qualified Swap Agreement. Any such termination payment payable by the Authority could be substantial. Termination payments payable pursuant to Qualified Swap Agreements are payable on a parity with the Subordinate Bonds and constitute "Parity Obligations" under the Subordinate Indenture. The Authority may amend existing Qualified Swap Agreements to provide for different counterparties.

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

Further Subordinated Obligations

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

RISK FACTORS

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

Risk of Faulty Forecast

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

Risk of Earthquake

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

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

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

The Seismic Retrofit Program is specifically intended to mitigate the risk of major damage to the Bridges due to seismic activity by enhancing the structural integrity of the Bridges to accommodate ground motions along the various identified faults with return periods of between 1,000 and 2,000 years. However, Caltrans currently estimates that the Seismic Retrofit Program will not be fully completed until 2014. 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

Bridges or their highway approach routes would not be damaged, destroyed or rendered unusable for a period of time in the event of a single earthquake or a combination of earthquakes.

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

Other Force Majeure Events

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

Threats and Acts of Terrorism

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

No Insurance Coverage

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

Economic Factors

A substantial deterioration in the level of economic activity within the Bay Area could have an adverse impact upon the level of bridge toll revenues collected. In addition, the occurrence of any natural catastrophe such as an earthquake may negatively affect the Bay Area economy or traffic using

the Bridge System or both. See “—Risk of Earthquake” above. Bridge toll revenues may also decline due to traffic interruptions as a result of construction, greater carpooling or use of mass transit, increased costs of gasoline and of operating an automobile, more reliance on telecommuting in lieu of commuting to work, relocation of businesses to suburban locations and similar activities. RM2 includes a substantial allocation of funding for mass transit projects intended to reduce congestion in the Bridge System corridors.

Risk of Non-Payment of Direct Subsidy Payments

A portion of the payments of the principal of and interest on the Authority’s toll bridge revenue bonds is expected to be paid with Build America Bond subsidy payments that the Authority expects to receive from the federal government. The U.S. Treasury may offset any subsidy payment to which the Authority is otherwise entitled against any other liability of the Authority payable to the U.S. Treasury, such as withholding or payroll taxes, or other penalties or interest that may be owed at any time to the U.S. Treasury. The Code authorizes federal regulations and other guidance to carry out the Build America Bond program, which may reduce the certainty of receipt of subsidy payments by the Authority. Accordingly, no assurance can be given that the U.S. Treasury will make payment of the subsidy payments in the amounts to which the Authority believes it will be entitled, or that such payments will be made in a timely manner. No assurance can be given that Congress will not amend or repeal provisions of the program and thereby affect the payment of subsidy payments. The Authority is obligated to make payments of principal of and interest on its toll bridge revenue bonds without regard to the receipt of subsidy payments.

Liquidity Facilities Risk

The domestic and international financial crisis and recession have had a negative impact on the availability and cost of liquidity facilities. While the Authority, by the refunding of variable rate toll bridge revenue bonds with fixed rate bonds, has reduced its requirements for liquidity facilities, it still has a material amount of variable rate debt supported by bank liquidity facilities and will continue to need to renew or replace liquidity facilities in the coming years or, alternatively, to restructure its variable rate debt to reduce the need for liquidity support. Bonds purchased by banks under the Authority’s liquidity facilities are required to be redeemed over a five year period (unless the bonds are remarketed) and bear interest at increased rates as set forth in the respective liquidity facility. The rating agencies could announce changes in rating outlook, or reviews for downgrade, or downgrades of the Authority’s liquidity providers. Such adverse ratings developments with respect to liquidity providers or purchases of bonds pursuant to the liquidity facilities could cause a substantial increase in the Authority’s debt service-related costs. The availability and cost of replacement facilities or of extending existing facilities cannot be currently predicted.

Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue

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

Construction Delays and Cost Escalation

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

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

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

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

Voter Initiatives

In 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIIC and XIID 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 XIIC 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 XIIC applies

to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID 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 XIIC 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 XIID or XIIC. If ultimately found to be applicable to the bridge tolls, the initiative power could be used to rescind or reduce the levy and collection of bridge tolls under Proposition 218. Any attempt by voters to use the initiative provisions under Proposition 218 in a manner which would prevent the payment of debt service on the Authority’s toll bridge revenue bonds should arguably violate the Impairment of Contract Clause of the United States Constitution and accordingly, be precluded. The Authority cannot predict the potential financial impact on the financial condition of the Authority and the Authority’s ability to pay the purchase price, principal of and interest on its toll bridge revenue bonds as and when due, as a result of the exercise of the initiative power under Proposition 218.

CONTINUING DISCLOSURE

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

MISCELLANEOUS

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

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

BAY AREA TOLL AUTHORITY

By: /s/ Steve Heminger
Executive Director

APPENDIX A

**METROPOLITAN TRANSPORTATION COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

APPENDIX B
DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE
MASTER INDENTURE

APPENDIX C

**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE
SUBORDINATE INDENTURE**

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

§ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA [SUBORDINATE] TOLL BRIDGE REVENUE BONDS
_____ **SERIES** _____

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Disclosure Agreement**”) is executed and delivered by the Bay Area Toll Authority (the “**Authority**”) and _____, as dissemination agent (the “**Dissemination Agent**”) in connection with the issuance of \$ _____ aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area [Subordinate] Toll Bridge Revenue Bonds, _____ Series _____ (the “**Bonds**”). The Bonds are being issued pursuant to a _____ Indenture dated as of _____, 20__, by and between the Authority and _____, as trustee (the “**Trustee**”), as previously supplemented and as supplemented by the _____ Supplemental Indenture relating to the Bonds dated as of _____, 20__, by and between the Authority and the Trustee (collectively, the “**Indenture**”).

The Authority and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

“**Dissemination Agent**” means _____, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority and the Trustee a written acceptance of such designation.

“**Listed Events**” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“**Official Statement**” means the Official Statement dated [_____], 20__, relating to the Bonds.

“**Participating Underwriters**” means [_____].

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement by not later than 270 days after the end of the Authority’s fiscal year in each year commencing with the report for fiscal year ending June 30, 20__. Not later than fifteen Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority, The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4. If the Authority’s fiscal year changes, the Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If by fifteen Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall provide to the MSRB (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A hereto.

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

- (i) Determine the then-current procedure for filing the Annual Report with the MSRB each year prior to the date for providing the Annual Report; and
- (ii) If the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report(s) shall contain or include by reference the following information:

(a) Audited financial statements of the Authority for the prior Fiscal Year (which may be a component of the financial statements of the Metropolitan Transportation Commission), prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, provided that if the audited financial statements of the Authority are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial

statements, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available; and

(b) To the extent not contained in the audited financial statements provided to the MSRB pursuant to the preceding subsection (a) by the date required by Section 3 hereof, an update of [list tables to be updated]

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB's website. The Authority shall clearly identify each such other document so included by reference.

The Trustee and the Dissemination Agent shall have no responsibility for the content of the Annual Report, or any part thereof.

Each Annual Report shall state on the cover that it is being provided to the MSRB with respect to the Bonds.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

(b) The Trustee shall promptly advise the Authority at its notice address in this Disclosure Agreement whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence of a Listed Event and request that the Authority promptly notify the Trustee in writing whether to report the event pursuant to subsection (f) of this Section 5.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Authority shall determine as soon as possible if such event would constitute material information for holders of Bonds within the meaning of the federal securities laws.

(d) If the Authority has determined that knowledge of the occurrence of a Listed Event would be material, the Authority shall notify the Trustee promptly in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Authority determines that the Listed Event would not be material, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file or request the Dissemination Agent (if other than the Trustee) to file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) of this Section 5 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Bonds pursuant to the Indenture and notice of any other Listed Event is only required following the actual occurrence of the Listed Event. The notice of Listed Event must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

(g) The Trustee may conclusively rely on an opinion of Counsel that the Authority's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation.

(a) The Authority's obligations under this Disclosure Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the Dissemination Agent's obligations hereunder shall terminate upon its resignation or removal as Trustee in accordance herewith.

(b) This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Authority (i) delivers to the Trustee an opinion of Counsel, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require this Disclosure Agreement, or any of the provisions hereof, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (ii) delivers copies of such opinion to the Dissemination Agent (if other than the Trustee) for delivery to the MSRB.

Section 7. Dissemination Agent. From time to time, the Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agents with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) The undertakings herein, as proposed to be amended or waived, in the opinion of Counsel, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) in the opinion of the Trustee or Counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds or the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, the Trustee shall) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be required to consent to any amendment that would impose any greater duties or risk of liability on the Dissemination Agent. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

Section 12. Notices. Any notices given hereunder shall be given in writing at the addresses (including the facsimile numbers) set forth below:

If to the Authority: Bay Area Toll Authority
101 Eighth Street
Oakland, California 94607
Attention: Chief Financial Officer
Phone: (510) 817-5730
Fax: (510) 817-5934

If to the Trustee/Dissemination Agent: _____

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [_____], 20__

BAY AREA TOLL AUTHORITY

By: _____
Chief Financial Officer

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

_____,
as Dissemination Agent

By: _____
Its: _____

ACKNOWLEDGED:

_____,
as Trustee

By: _____
Its: _____

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE DISCLOSURE REPORT

Name of Issuer:

Bay Area Toll Authority

Name of Bond Issue:

San Francisco Bay Area [Subordinate] Toll Bridge Revenue Bonds ____ Series __

Date of Issuance: [____], 20__

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board (the "MSRB") that the Authority has not provided an annual Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of [____], 20__, by the Authority and _____, as Dissemination Agent. The Authority anticipates that the annual Disclosure Report will be provided to the MSRB by _____.

Dated: _____

_____, as **Dissemination Agent**

By: _____

Its: _____

APPENDIX E
REGIONAL MEASURE 2 PROJECTS¹

RM2 Project	Authorized Amounts
BART/MUNI Connection at Embarcadero and Civic Center Stations	\$ 3,000,000
MUNI Metro Third Street Light Rail Line	30,000,000
MUNI Waterfront Historic Streetcar Expansion	10,000,000
East to West Bay Commuter Rail Service over the Dumbarton Rail Bridge	44,000,000
Vallejo Station	28,000,000
Solano County Express Bus Intermodal Facilities	20,000,000
Solano County Corridor Improvements near Interstate 80/Interstate 680 Interchange	100,000,000
Interstate 80: Eastbound High-Occupancy Vehicle (HOV) Lane Extension from Route 4 to Carquinez Bridge	50,000,000
Richmond Parkway Transit Center	16,000,000
Sonoma-Marin Area Rail Transit District (SMART) Extension to Larkspur or San Quentin	35,000,000
Greenbrae Interchange/Larkspur Ferry Access Improvements	65,000,000
Direct High-Occupancy Vehicle (HOV) lane connector from Interstate 680 to the Pleasant Hill or Walnut Creek BART Stations	15,000,000
Rail Extension to East Contra Costa/E-BART	96,000,000
Capital Corridor Improvements in Interstate 80/Interstate 680 Corridor	25,000,000
Central Contra Costa Bay Area Rapid Transit (BART) Crossover	25,000,000
Regional Express Bus North	20,000,000
TransLink	22,000,000
Real-Time Transit Information	20,000,000
Safe Routes to Transit	22,500,000
BART Tube Seismic Strengthening	71,000,000
Transbay Terminal/Downtown Caltrain Extension	150,000,000
Oakland Airport Connector	78,000,000
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	186,000,000
I-580 (Tri Valley) Rapid Transit Corridor Improvements	65,000,000
Regional Rail Master Plan	6,500,000
Integrated Fare Structure Program	1,500,000
Transit Commuter Benefits Promotion	5,000,000
Caldecott Tunnel Improvements	50,500,000
BART Transit Capital Match	24,000,000
TOTAL	\$1,465,000,000

¹ RM2 also authorizes \$50 million for the construction of the Benicia-Martinez Bridge in addition to amounts authorized under RM1, bringing the total project authorizations under RM2 to \$1.515 billion.

SUBORDINATE INDENTURE

between

BAY AREA TOLL AUTHORITY

and

_____ ,
as Trustee

Dated as of _____ 1, 2010

Bay Area Toll Authority
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds

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This SUBORDINATE INDENTURE, dated as of ____ 1, 2010 (this “Indenture”), between the BAY AREA TOLL AUTHORITY, a public entity duly existing under the laws of the State of California (the “Authority”), and _____, as trustee (together with any successor thereto the “Trustee”);

W I T N E S S E T H:

WHEREAS, the Authority is authorized to issue bonds or commercial paper (as issued hereunder, the “Bonds”) payable from the tolls received by the Authority pursuant to the Act (as defined herein);

WHEREAS, in order to establish the terms of and security for Bonds to be issued under this Indenture, the governing board of the Authority (the “Board”) has authorized the execution and delivery of this Indenture;

WHEREAS, the Authority certifies that all acts that are necessary to make the Bonds, when executed by the Authority and authenticated and delivered by the Trustee, duly issued and the valid, legal and binding obligations of the Authority payable in accordance with their terms, and to constitute this Indenture a valid and binding agreement of the parties hereto, have been done and taken, and the execution and delivery of this Indenture have been duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, in order to secure the payment of all Bonds Outstanding under this Indenture and to secure the performance of the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. In addition to terms elsewhere defined in this Indenture, the following terms shall have the following meanings unless the context or use clearly indicates another meaning. These definitions shall apply to the singular and plural forms of these defined terms.

“Act” means Chapter 4, Chapter 4.3, and Chapter 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 made applicable to the Authority by Streets and Highways Code section 30961, as each may be amended from time to time hereafter.

“Authority” means the Bay Area Toll Authority, a public entity duly established and existing pursuant to the Act, and any successor thereto.

“Authorized Denominations” means, with respect to a Series of Bonds, the denomination or denominations designated as such in the Supplemental Indenture providing for the issuance of such Series of Bonds.

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“Authorized Representative” means the Executive Director, any Deputy Executive Director, the Chief Financial Officer of the Authority, or any other employee of the Authority at the time designated to act on behalf of the Authority in a Certificate of the Authority executed by any of the foregoing officers and filed with the Trustee, which Certificate shall contain such employee’s specimen signature.

“Available Revenue” means, for any Fiscal Year, Revenue less Maintenance and Operation Expenses for that Fiscal Year, as set forth in the audited financial statements of the Authority for Fiscal Years for which audited financial statements are available or as projected by the Authority for Fiscal Years for which audited financial statements are not yet available. Available Revenue shall not include any amount on deposit in the Reserve Fund or in the reserve fund under any Senior Bond Indenture or any Subsidy Payments.

“Bay Area Bridges” means the state-owned bridges in the San Francisco Bay Area under the jurisdiction of the Authority, comprised of the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge, the San Mateo-Hayward Bridge, and any additional bridges added to the Authority’s jurisdiction and designated by resolution of the Board to be included as a “Bay Area Bridge” hereunder. Each Bay Area Bridge includes the existing bridge or bridges and any additional adjacent spans.

“Bay Area Toll Account” means the account by that name created pursuant to Section 30953 of the Act.

“Beneficial Owner” means, with respect to any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

“Board” means the governing board of the Authority.

“Bond Counsel” means a firm of nationally-recognized attorneys-at-law experienced in legal work relating to the issuance of municipal bonds selected by the Authority.

“Bond Fund” means the fund by that name created pursuant to Section 5.04.

“Bond Register” means the registration books for the ownership of Bonds maintained by the Trustee pursuant to Section 2.08.

“Bonds” means the bonds or commercial paper identified as the Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds authorized by, and at any time Outstanding pursuant to, this 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.

“Book-Entry Bonds” means Bonds issued under a book-entry only depository system as provided in Section 2.11

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“Bridge Toll Revenues” means toll revenues and all other income derived by the Authority from the Bay Area Bridges and not limited or restricted by law to a specific purpose.

“Business Day” means any day, other than a Saturday, Sunday or other day on which banks are authorized or obligated by law or executive order to be closed in the State of California or the State of New York or in any city in which the Principal Office of the Trustee or the office where draws are to be made on a Credit Provider is located.

“Caltrans” means the California Department of Transportation.

“Certificate of the Authority” means an instrument in writing signed by an Authorized Representative of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

“Commercial Paper Program” means a program of short-term Bonds having the characteristics of commercial paper in that (i) such Bonds have a stated maturity not later than 270 days from their date of issue and (ii) maturing Bonds of such program may be paid with the proceeds of renewal Bonds.

“Continuing Disclosure Agreement” means, with respect to each Series of 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, underwriting fees and discounts, 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.

“Coverage Calculation Date” has the meaning assigned in Section 6.04(b).

“Coverage Ratio” has the meaning assigned in Section 6.04(b).

“Credit Provider” means any municipal bond insurance company, bank or other financial institution or organization or group of financial institutions or organizations providing a Credit Support Instrument for a Series of Bonds.

“Credit Support Instrument” means a policy of insurance, a letter of credit, a line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to, or available for, the payment

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of interest, principal or the Purchase Price of any Series of Bonds, as the same may be amended from time to time pursuant to its terms, and any replacement therefor.

“CUSIP” means the Committee on Uniform Securities Identification Procedures of the American Bankers Association, or any successor to its functions.

“DTC” means The Depository Trust Company, New York, New York or any successor thereto.

“Debt Service” for any Fiscal Year means the aggregate amount of payments due on Bonds, Parity Obligations, and Senior Obligations for that Fiscal Year, as calculated by the Authority, utilizing the assumptions about payments on Bonds, Parity Obligations, and Senior Obligations listed in the definition of Maximum Annual Debt Service.

“Defeasance Securities” means: (a) non-callable, non-prepayable obligations of the type listed in clause (i) or clause (ii) of the definition of Permitted Investments; (b) non-callable, non-prepayable obligations of the type listed in clause (iii) of the definition of Permitted Investments that are rated in the highest long-term Rating Category by Moody’s or S&P; and (c) bonds and other obligations described in clause (vi) of the definition of Permitted Investments.

“Dissemination Agent” means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Trustee, acting in 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 Section 7.01.

“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.

“Indenture” means this Subordinate Indenture as the same may be amended or supplemented from time to time as permitted hereby.

“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.

“Interest Account” means the account by that name created pursuant to Section 5.04.

“Maintenance and Operation Expenses” means all expenses of the Authority and Caltrans for the maintenance and operation of the Bay Area Bridges payable from Revenue, determined in accordance with generally accepted accounting principles, excluding capital expenditures, expenditures for rehabilitation and operational improvement projects on the Bay Area Bridges,

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depreciation or obsolescence charges or reserves therefor, and amortization of intangibles or other bookkeeping entries of a similar nature.

“Master Indenture” means the Master Indenture between the Authority and Union Bank, N.A., as Trustee, dated as of May 1, 2001, as amended and supplemented.

“Master Indenture Fees and Expenses Fund” means the special fund created under the Master Indenture designated therein as the “Fees and Expenses Fund.”

“Master Indenture Trustee” means the trustee under the Master Indenture.

“Maximum Annual Debt Service” means the highest amount of payments due on Bonds, Parity Obligations, and Senior Obligations for any Fiscal Year during the period from the date of such determination through the final maturity date of the Bonds, Parity Obligations, and Senior Obligations then Outstanding and proposed to be issued, as calculated by the Authority, utilizing the following assumptions about payments on Bonds, Parity Obligations, and Senior Obligations (and if more than one of the following assumptions could apply to any such payment, the Authority shall select the assumption to be applied):

(i) in determining the principal amount of a Bond, Parity Obligation or Senior Obligation due in each year, payment shall be assumed to be made in accordance with the amortization schedule established for such principal, including any minimum sinking fund account payments;

(ii) if 20 percent or more of the principal of a Bond, Parity Obligation or Senior Obligation is not due until the final stated maturity of that Bond, Parity Obligation or Senior Obligation, principal and interest may be treated as if such principal and interest were due based upon a level amortization of such principal and interest over the term of that Bond, Parity Obligation or Senior Obligation;

(iii) if the Bond, Parity Obligation or Senior Obligation is supported by a line of credit or a letter of credit, principal may be treated as if it were due based upon the level amortization of such principal over the maximum term of repayment of borrowings under such line of credit or letter of credit;

(iv) if an Outstanding Bond, Parity Obligation or Senior Obligation bears a variable interest rate, the interest rate may be assumed to be the greater of (a) the daily average interest rate during the 12 months ending with the month preceding the date of calculation, or such shorter period that the Bond, Parity Obligation or Senior Obligation has been Outstanding, or (b) the rate of interest on that Bond, Parity Obligation or Senior Obligation on the date of calculation;

(v) if Bonds or Parity Obligations proposed to be issued will be variable interest rate obligations, the interest on which is excluded from gross income for federal income tax purposes, then such obligations may be assumed to bear interest at an interest rate equal to the average SIFMA Index during the three months preceding the month of calculation, or if SIFMA Index is no longer published, at an interest rate equal to 75% of the average One Month USD LIBOR Rate during that three month period, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

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(vi) if Bonds or Parity Obligations proposed to be issued will be variable interest rate obligations the interest on which is included in gross income for federal income tax purposes, then such obligations may be assumed to bear interest at an interest rate equal to the average One Month USD LIBOR Rate during the three months preceding the month of calculation, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority;

(vii) if Bonds proposed to be issued are part of a Commercial Paper Program, the principal of such Bonds may be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such Bonds may be calculated as if such Bonds were variable interest rate Bonds;

(viii) if the variable interest on any Bond, Parity Obligation or Senior Obligation plus the variable payments due to the Authority and fixed payments due from the Authority under a Qualified Swap Agreement or a Swap designated by the Authority are treated by the Authority as synthetic fixed rate debt, the variable interest rate Bond or Parity Obligation or Senior Obligation may be treated as bearing such synthetic fixed rate for the duration of the synthetic fixed rate;

(ix) if the fixed interest on any Bond, Parity Obligation or Senior Obligation plus the fixed payments due to the Authority and variable payments due from the Authority under a Qualified Swap Agreement or a Swap designated by the Authority are treated by the Authority as synthetic variable rate debt, the fixed interest rate Bond, Parity Obligation or Senior Obligation may be treated as bearing such synthetic variable rate for the duration of the synthetic variable rate;

(x) if any of the Bonds, Parity Obligations, or Senior Obligations are Short-Term Put Bonds, the principal of such obligations may be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such obligations may be calculated as if such obligations were variable interest rate Bonds;

(xi) principal and interest payments on Bonds, Parity Obligations, and Senior Obligations may be excluded to the extent such payments are to be paid from amounts then currently on deposit with the Trustee or another fiduciary in escrow specifically therefor and interest payments on any Bonds, Parity Obligations, and Senior Obligations may be excluded to the extent that such interest payments are to be paid from capitalized interest held by the Trustee or another fiduciary specifically to pay such interest;

(xii) if any of the Bonds, Parity Obligations or Senior Obligations are, or upon issuance will be, obligations for which the Authority is entitled to receive Subsidy Payments, the obligations may be treated as bearing an interest rate equal to the rate of interest borne by the obligations for the period of determination minus the Subsidy Payments to which the Authority is entitled for that period;

(xiii) Any payment obligation under a Bond, Parity Obligation or Senior Obligation that was or is optional or contingent (such as the obligation to make a termination payment under a Qualified Swap Agreement or a Swap), whether or not the option is exercised or the contingency occurs, and any payments that are not scheduled payments, may be excluded.

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“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.

“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.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Outstanding,” when used with reference to Bonds, Parity Obligations, and Senior Obligations means all Bonds, Parity Obligations, and Senior Obligations that have been issued by the Authority, except Bonds, Parity Obligations, and Senior Obligations: (i) canceled or delivered for cancellation; (ii) deemed to be paid in accordance with Section 10.02 or any similar provisions in the constituent instruments defining the rights of the holders of Parity Obligations or Senior Obligations; (iii) in lieu of which other Bonds, Parity Obligations or Senior Obligations have been authenticated under Sections 2.07 or 2.08 or any similar provisions in the constituent instruments defining the rights of the holders of Parity Obligations or Senior Obligations; and (iv) held by or for the account of the Authority.

“Parity Obligations” means obligations of the Authority that are payable from Revenue on a parity with the payment of principal of and interest on Bonds, including payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute), in each case to the extent the Authority has contracted to make those payments as Parity Obligations.

“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) bonds or other obligations of or unconditionally guaranteed by the United States of America, including obligations described in clause (iii) below to the extent unconditionally guaranteed by the United States of America, and including interest strips of any such obligations or of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

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(iii) federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including obligations of Fannie Mae Corporation, Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration, and United States Maritime Administration;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in either of the two highest Rating Categories by Moody's and S&P;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) that are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) that are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) that have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) that are rated in one of the two highest long-term Rating Categories by Moody's and S&P;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation that 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, that shall have a market value (exclusive of accrued interest) at all times at least equal to the

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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 that has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in either of the two highest long-term Rating Categories by Moody's 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 Permitted Investments 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 Permitted Investments; provided that as used in this clause (xii) and clause (xiii) investments will be deemed to satisfy the requirements of clause (xi) if they meet the requirements set forth in clause (xi) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (xi);

(xiii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank that has at the date of

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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, that invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended from time to time;

(xvi) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Indenture; and

(xvii) any investment approved by the Board for which a Rating Confirmation is received from each rating agency then rating any of the Bonds at the request of the Authority that such investment will not adversely affect such rating agency's rating on such Bonds.

"Person" means any natural person, firm, partnership, association, corporation, or public body.

"Principal Account" means the account by that name created pursuant to Section 5.04.

"Principal Office" means, with respect to the Trustee, the corporate trust office of the Trustee at _____, or such other or additional offices as may be designated by the Trustee from time to time.

"Purchase Price" means, with respect to Bonds, the amount set forth in the Indenture as the amount to be paid when such Bonds are tendered for purchase or deemed tendered for purchase in accordance with the provisions of the Indenture.

"Qualified Swap Agreement" means a contract or agreement, intended to place Senior Bonds or such investments as the Authority shall specify in a resolution authorizing the execution of such contract or agreement, on the interest rate, currency, cash flow or other basis desired by the Authority, payments (other than payments of fees and expenses and termination payments) with respect to which the Authority has specified in its authorizing resolution shall be payable from Revenue on a parity with the payment of Senior Bonds, including, without limitation, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, provided that in each case: (i) the notional amount of the Qualified Swap Agreement shall not exceed the principal amount of the related Senior

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Bonds or the amount of such investments, as applicable; and (ii) the Authority shall have received a Rating Confirmation from each Rating Agency then rating any series of Senior Bonds at the request of the Authority with respect to such Qualified Swap Agreement.

“Rating Agency” means each of Moody’s and S & P.

“Rating Category” means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rating Confirmation” means written evidence from each rating agency then rating any Series of Bonds or Senior Bonds at the request of the Authority to the effect that, following the event that requires the Rating Confirmation, the then current rating for such Series of Bonds or Senior Bonds will not be lowered to a lower Rating Category or withdrawn solely as a result of the occurrence of such event.

“Rebate Fund” means the fund by that name created pursuant to Section 5.06.

“Redemption Fund” means the fund by that name created pursuant to Section 5.07.

“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 supported by the Reserve Facility.

“Reserve Facility Costs” means amounts owed with respect to repayment of draws on a Reserve Facility, including interest thereon at the rate specified in the agreement pertaining to such Reserve Facility and expenses owed to the Reserve Facility Provider in connection with such Reserve Facility.

“Reserve Facility Provider” means any provider of a Reserve Facility, any successor thereto or any replacement therefor.

“Reserve Fund” means the fund by that name created pursuant to Section 5.05.

“Reserve Requirement” for any Bonds means, as of any date of calculation, the amount specified by a Supplemental Indenture as the amount required to be held in the Reserve Fund for the payment of principal of and interest on those Bonds.

“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 under the Master Indenture; (iii) all amounts on deposit in the funds and accounts

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established pursuant to the Master Indenture and held by the Master Indenture Trustee (excluding the rebate fund under the Master Indenture and any fund or account established to hold the proceeds of a drawing on any credit support instrument (as defined in the Master Indenture)); (iv) all amounts on deposit in the funds and accounts established pursuant to this 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 including any Subsidy Payments deposited pursuant to Section 5.11); (v) all interest or other income from investment of money in the funds and accounts established pursuant to the Master Indenture and held by the Master Indenture Trustee (excluding the rebate fund under the Master Indenture and any fund or account established to hold the proceeds of a drawing on any credit support instrument (as defined in the Master Indenture)); (vi) all interest or other income from investment of money in the funds and accounts established pursuant to this 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 (vii) all Swap Revenues.

“Revenue Bond Law of 1941” means Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 54300), as the same may be amended from time to time hereafter.

“Rule 15c2-12” means Securities and Exchange Commission Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“S & P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term “S & P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Securities Depository” means a trust company or other entity that provides a book-entry system for the registration of ownership interests in securities and which is acting as security depository for Book-Entry Bonds.

“Senior Bond Indenture” means each indenture of trust or resolution under which Senior Bonds are Outstanding.

“Senior Bonds” means bonds or commercial paper authorized by, and at any time Outstanding pursuant to, the Master Indenture and bonds or commercial paper that are “parity obligations” as defined in the Master Indenture.

“Senior Obligations” means Senior Bonds and obligations of the Authority that are payable from Revenue on a parity with the payment of principal of and interest on Senior Bonds.

“Series” means all Bonds identified in the Indenture as a separate Series.

“Short-Term Put Bond” means a Bond, Parity Obligation or Senior Obligation with a stated maturity of five years or less, the principal of which the Authority determines on or before the date of issuance that it intends to pay other than from Revenue.

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“SIFMA Index” means Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date such index was published by the Securities Industry and Financial Markets Association or any successor thereto, or in the event such index is no longer published by the Securities Industry and Financial Markets Association or any successor thereto, such comparable replacement index as shall be published by the Securities Industry and Financial Markets Association or any successor thereto. In the event that such comparable replacement index is no longer published by the Securities Industry and Financial Markets Association or any successor thereto, an alternative index shall be selected by the Authority.

“Sinking Fund Installment” means, with respect to any Series of 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.

“State” means the State of California.

“Subsidy Payments” means payments from the United States Treasury to or upon the order of the Authority pursuant to Sections 54AA and 6431 of the Code with respect to Bonds, Parity Obligations, or Senior Obligations.

“Supplemental Indenture” means any indenture executed and delivered by the Authority and the Trustee that is stated to be a supplemental indenture hereto.

“Swap” means any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Authority and a Swap Party, which is not a Qualified Swap Agreement.

“Swap Party” means each entity that is a party to either a Qualified Swap Agreement or a Swap entered into with the Authority.

“Swap Revenues” means any amount paid by a Swap Party to the Authority pursuant to any Qualified Swap Agreement or Swap, after any netting of payments required by such Qualified Swap Agreement or Swap, as applicable, and any payments paid to the Authority by a Swap Party as consideration for termination or amendment of a Qualified Swap Agreement or Swap, as applicable.

“Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the issuance of a Series of 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.

“Term Bonds” means Bonds of any Series that are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose in the Supplemental Indenture providing for the issuance of such Series of Bonds, which Sinking Fund Installments are calculated to retire such Bonds on or before their specified maturity dates.

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

ARTICLE II

THE BONDS

Section 2.01 Authorization and Purposes. Bonds may be issued hereunder, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the Authority. The maximum principal amount of Bonds that may be issued hereunder is not limited; subject, however, to any limitations contained in the Act and to the right of the Authority, which is hereby reserved, to limit the aggregate principal amount of Bonds that may be issued or Outstanding hereunder. The Bonds are designated generally as “Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds and from Senior Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein. Each separate Series of Bonds shall be authorized by the Authority in a Supplemental Indenture. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

Bonds may be issued for the purpose of constructing, improving or equipping any of the Bay Area Bridges or for any of the purposes authorized by Chapter 4, Chapter 4.3, or Chapter 4.5 of Division 17 of the California Streets and Highways Code, as each may be amended from time to time hereafter.

All Bonds are intended to be “subordinate obligations” within the meaning of that term in the Master Indenture.

Section 2.02 General Terms of Bonds. Each Bond shall bear interest and be payable and be secured and have such other terms as shall be specified in its Supplemental Indenture, or if not specified therein, as specified by an Authorized Representative pursuant to Section 2.06.

The principal and Purchase Price of, premium, if any, and the interest on the Bonds shall be payable in lawful currency of the United States of America. During any period in which ownership of any Bonds is determined by book entry at a Securities Depository, payment of debt service on such Bonds shall be made to the Securities Depository, or its Nominee, and in accordance with arrangements among the Authority, the Trustee and the Securities Depository. During any period when ownership of such Bonds is not determined by book entry at a Securities Depository, unless otherwise specified in a Supplemental Indenture, the principal and Purchase Price of and premium, if any, on all Bonds shall be payable by check at the Principal Office of the Trustee upon the presentation and surrender of the Bonds as the same become due and payable and the interest on the Bonds shall be paid by check drawn upon the Trustee and mailed

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on the applicable interest payment date to the persons in whose names the Bonds are registered on the registration books maintained by the Trustee at the close of business on the record date for such interest payment.

Section 2.03 Execution. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its chief executive officer and countersigned by the manual or facsimile signature of its chief financial officer. In case the officer whose manual or facsimile signature shall appear on the Bonds shall cease to be an officer before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

Section 2.04 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form set forth in the form of Bond referred to in Section 2.05 hereof, executed by the Trustee; and such certificate on any Bond issued by the Authority shall be conclusive evidence that such Bond has been duly authenticated and delivered hereunder.

Section 2.05 Forms of Bonds. The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the forms specified in a Supplemental Indenture or if not specified therein, as specified by an Authorized Representative pursuant to Section 2.06, and may have such letters, numbers or other marks of identification (including, but not limited to, the Series designation provided for in Section 2.01) and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by an Authorized Representative. The Bonds shall be in either typewritten or printed form, as an Authorized Representative shall direct, provided that any expenses incurred in connection therewith shall be paid by the Authority.

Section 2.06 Issuance, Sale and Delivery of Bonds; Application of Proceeds. The Bonds of each Series shall be delivered by the Trustee in accordance with Electronic or written instructions of an Authorized Representative and in the manner specified herein. Said instructions shall specify the following terms for the Bonds then being issued to the extent such terms are not set forth in the Supplemental Indenture creating such Series of Bonds and are applicable to such Bonds: Series designation; Authorized Denominations; bond forms; book entry provisions, if any, maturity date or dates or maturity determination method, which may vary for Bonds within such Series; principal amount; issue date; interest rate or interest rate determination method, which may vary for Bonds within such Series; record date for interest payments; sinking fund provisions, if any; Reserve Requirement, if any, redemption provisions, if any; tender provisions, if any; security; CUSIP numbers; and any other terms and conditions that are not inconsistent with this Indenture. Upon the delivery of each Series of Bonds, the proceeds shall immediately be applied and deposited as set forth in the applicable Supplemental Indenture.

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Section 2.07 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond of the same Series, maturity date, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that there shall be first furnished to the Trustee evidence satisfactory to the Trustee of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and compliance with such other reasonable regulations as the Authority and Trustee may prescribe. Subject to the proviso set forth in the preceding sentence, if any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond, the Authority may pay the same without surrender thereof. The Authority and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

Section 2.08 Exchangeability and Transfer of Bonds; Persons Treated as Holders. The Authority hereby directs the Trustee, which is hereby constituted and appointed the bond registrar for the Bonds, to keep books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein.

Any registered owner of a Bond, in person or by its duly authorized attorney, may transfer title to its Bond on the books of registration kept by the Trustee, upon surrender thereof at the Principal Office of the Trustee, together with a written instrument of transfer (in substantially the form of assignment attached to the Bond or as provided in its Supplemental Indenture) executed by the registered owner or its duly authorized attorney, and upon surrender for registration of transfer of any Bond, the Authority shall execute, and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series, maturity date, aggregate principal amount and tenor as the Bond surrendered.

Bonds may be exchanged upon surrender thereof at the Principal Office of the Trustee for Bonds of the same Series, maturity date, aggregate principal amount and tenor as the Bonds being exchanged. The Authority shall execute and the Trustee shall authenticate and deliver Bonds that the registered owner making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfers or exchanges of Bonds shall be without charge to the registered owner of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration, transfer or exchange shall be paid by the Authority.

The Trustee shall not register any transfer of any Bond after notice calling such Bond (or portion thereof) for redemption or partial redemption or notice of mandatory tender with respect thereto has been given and prior to such redemption or mandatory tender, as the case

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may be, except, in the case of any Bond to be redeemed in part, the portion thereof not to be redeemed.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal, premium, if any, or interest shall be made only to or upon the order of the registered owner thereof or his duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued upon any transfer or exchange of Bonds shall be legal, valid and binding obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

Section 2.09 Cancellation. All Bonds that have been surrendered to the Trustee pursuant to Section 2.07 or 2.08 of this Indenture and all Bonds that have been paid or redeemed, either at or prior to maturity, except as otherwise provided in a Supplemental Indenture, shall be cancelled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Authority.

Section 2.10 Bonds Ratably Secured. All Bonds issued hereunder that by their terms are stated to be equally and ratably secured by this Indenture without preference, priority or distinction on account of the Series or the actual time or times of the authentication, delivery or maturity of such Bonds shall be so equally and ratably secured so that, subject to any differences specified in this Indenture, all such Bonds at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they were of the same Series and they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.11 Book-Entry Only System. Unless an Authorized Representative shall otherwise direct or unless otherwise specified in a Supplemental Indenture, all Bonds issued hereunder shall be issued as Book-Entry Bonds in fully registered form. Book-Entry Bonds shall be registered in the name of the Securities Depository or its Nominee as directed by such Securities Depository. DTC shall act as the initial Securities Depository and has designated Cede & Co. as its Nominee. Beneficial Owners of Bonds will not receive physical delivery of bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as Securities Depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no person purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any bond certificate.

With respect to Bonds registered in the name of Cede & Co., as Nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation to any participant in DTC

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(each, a “DTC Participant”) or to any person on whose behalf a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the registration books, of any notice with respect to the Bonds, including any notice of redemption or mandatory tender, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown in the registration books, of any amount with respect to principal or Purchase Price of, or premium, if any, or interest on the Bonds.

Replacement Bonds may be issued directly to Beneficial Owners of Bonds other than DTC, or its Nominee, but only in the event that: (i) DTC determines not to continue to act as Securities Depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Authority and the Trustee); or (ii) an Authorized Representative has advised DTC of its determination (which determination is conclusive as to DTC and Beneficial Owners of the Bonds) that DTC is incapable of discharging its duties as Securities Depository for the Bonds; or (iii) the Authority has determined (which determination is conclusive as to DTC and the Beneficial Owners of the Bonds) that the interests of the Beneficial Owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Authority shall use its best efforts to attempt to locate another qualified Securities Depository. If the Authority fails to locate another qualified Securities Depository to replace DTC, the Authority shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the Beneficial Owners of the Bonds. In the event that the Authority makes the determination noted in (ii) or (iii) above (provided that the Authority undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination), and has made provisions to notify the Beneficial Owners of Bonds of such determination by mailing an appropriate notice to DTC, the Authority shall cause to be issued replacement Bonds in certificate form to Beneficial Owners of the Bonds as shown on the records of DTC provided to the Authority.

Whenever, during the term of the Bonds, the Beneficial Ownership thereof is determined by a book entry at DTC, (i) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds will be in accordance with arrangements among the Authority, the Trustee and DTC notwithstanding any provision of this Indenture to the contrary.

The Trustee and the Authority, acting by and through an Authorized Representative, are authorized to enter into a letter of representation with DTC to implement the book-entry only system of Bond registration described above and all payments of principal, Purchase Price, interest and premium, if any, shall be made in accordance with the letter of representation with DTC.

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If at any time, DTC ceases to hold the Bonds in book-entry form, all references herein to DTC shall be of no further force or effect.

ARTICLE III

ADDITIONAL BONDS, PARITY OBLIGATIONS, AND SUBORDINATED OBLIGATIONS

Section 3.01 Restrictions on Issuance of Additional Bonds and Parity Obligations. Subsequent to the initial issuance of Bonds pursuant to this Indenture, additional Bonds or Parity Obligations may be issued if the requirements of (a) or (b) below are met.

(a) the 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 or Senior Obligations to be refunded;

(2) All expenses incident to the calling, retiring or paying of such Outstanding Bonds or Parity Obligations or Senior Obligations, the Costs of Issuance of such refunding Bonds or Parity Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Outstanding Bonds or Parity Obligations or Senior Obligations;

(3) Interest on all Outstanding Bonds or Parity Obligations or Senior Obligations to be refunded to the date such Bonds or Parity Obligations or Senior 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 or Senior Obligations to be refunded.

(b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Bonds or Parity Obligations, that either:

(1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service, calculated as of the date of sale of, and including such Bonds or Parity Obligations, will not be less than 1.20:1; or

(2) the ratio of (A) projected Available Revenue for each of the four consecutive Fiscal Years following the most recent Fiscal Year for which audited financial statements are available, to (B) Annual Debt Service, calculated as of the date of sale of and including such Bonds or Parity Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the fourth such

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consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of and including such Bonds or Parity Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority shall assume that Bridge Toll Revenues for each such Fiscal Year equal Bridge Toll Revenues for the most recent Fiscal Year for which audited financial statements are available, adjusted to include amounts projected to be received from any adopted toll increase and any additional Bay Area Bridge or Bridges.

Section 3.02 Proceedings for Issuance of Additional Bonds and Parity Obligations. Whenever the Authority determines to issue Bonds or Parity Obligations subsequent to the initial issuance of Bonds pursuant to this Indenture, the Authority shall, in addition to fulfilling the requirements of Article II, file with or provide to the Trustee:

(a) a certificate of the Authority stating that no Event of Default specified in Section 7.01 has occurred and is then continuing;

(b) a certificate of the Authority stating that the requirements of Section 3.01 have been satisfied;

(c) such amount, in cash or in the form of a Reserve Facility, as shall equal the Reserve Requirement, if any, for such Series of Bonds for deposit in the Reserve Fund; and

(d) an Opinion of Bond Counsel to the effect that the Supplemental Indenture creating such Series of Bonds has been duly executed and delivered by the Authority in accordance with this 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.

Section 3.03 Subordinated Obligations. Except to the extent restricted by a Supplemental Indenture, the Authority may issue or incur obligations payable out of Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations.

ARTICLE IV

REDEMPTION AND TENDER

Section 4.01 Redemption, Tender and Purchase of Bonds. Each Series of Bonds may be made subject to redemption or mandatory or optional tender and purchase prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture creating such Series of Bonds.

Section 4.02 Notice of Redemption. Unless otherwise specified in a Supplemental Indenture creating a Series of Bonds, each notice of redemption shall be mailed by

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the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner. Notice of redemption to the Owners shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the Series of Bonds to which such notice relates, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof, or the redemption price of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers. Failure of any Owner to receive any notice of redemption or any defect therein shall not affect the sufficiency of any proceedings for redemption.

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 shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Section 4.03 Effect of Redemption. Notice of redemption having been duly given as aforesaid or as otherwise provided in a Supplemental Indenture, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 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, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the date fixed for redemption.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Authority shall execute, and the Trustee shall authenticate and deliver to the Owner of such Bond, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, of the same Series, maturity and terms as the surrendered Bond.

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ARTICLE V

STATUTORY LIEN; PLEDGES; FUNDS AND ACCOUNTS

Section 5.01 Statutory Lien. All Bridge Toll Revenues shall be deposited by the Authority in the Bay Area Toll Account and are subject to a statutory lien created pursuant to Section 30960 of the Act in favor of the holders of Senior Bonds and Bondholders to secure all amounts due on the Senior Bonds and the Bonds and in favor of any provider of credit enhancement for the Senior Bonds and the Bonds to secure all amounts due to that provider with respect to the Senior Bonds and the Bonds, respectively. Pursuant to Section 30960 of the Act, such lien, subject to expenditures for operation and maintenance of the Bay Area Bridges, including toll collection, unless those expenditures are otherwise provided for by statute as provided in Section 30960(c) of the Act, shall immediately attach to the Bridge Toll Revenues as such Bridge Toll Revenues are received by the Authority and shall be effective, binding, and enforceable against the Authority, its successors, creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act, and the Bridge Toll Revenues shall remain subject to such statutory lien until all Bonds are paid in full or provision made therefor, and the Bay Area Bridges shall not become toll-free prior to that time.

Section 5.02 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.

Section 5.03 Pledge of Revenue, Certain Funds and Accounts. There are hereby pledged to secure the punctual payment of the principal of and interest on the Bonds, Parity Obligations and Reserve Facility Costs, all Revenue and all amounts (including the proceeds of Bonds) held by the Trustee in each fund and account established under this 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), subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall constitute a lien on such amounts, shall be valid and binding without any physical delivery or further act and shall be irrevocable until all Bonds, Parity Obligations and Reserve Facility Costs are no longer Outstanding. The pledge and lien are subordinate to every pledge and lien, heretofore or hereafter made, to secure the payment of the principal of and interest on Senior Bonds and amounts due on other Senior Obligations (including reserve costs related to Senior Bonds). The pledge to secure payment of Reserve

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Facility Costs set forth in this Section 5.03 is on a basis subordinate to the pledge of such amounts to the Trustee for payment of the Bonds and Parity Obligations.

Section 5.04 Establishment and Application of the Bond Fund. Not less than three (3) Business Days prior to each date when the Authority shall be required to pay principal or interest on Bonds or amounts due on Parity Obligations, the Authority shall transfer to the Trustee, from the Bay Area Toll Account, for deposit in the Bond Fund, such amount of Revenue as shall be required to increase the balance of the Bond Fund to an amount sufficient to pay all Bonds and Parity Obligations then due and payable and such amount as shall be required by Section 5.05 to replenish the Reserve Fund for any Bonds and to pay Reserve Facility Costs then due and payable. To the extent the interest rate on the Bonds or Parity Obligations has not yet been determined, the Trustee shall assume such rate to be twelve percent (12%) per annum or such other rate as the Authority shall specify to the Trustee at the time of such transfer.

All Revenue so received by the Trustee shall be deposited by the Trustee in a special fund designated as the "Bond Fund," which the Trustee shall establish, maintain and hold in trust. All Subsidy Payments with respect to Bonds received by the Trustee shall be deposited in the Bond Fund. All amounts held in the Bond Fund shall be held, applied, used and withdrawn only as provided in this Indenture. On or before the date when principal and interest on the Bonds and amounts due on Parity Obligations shall be due and payable, the Trustee shall transfer from the Bond Fund and deposit (or transfer as appropriate to the holder or trustee of such Parity Obligations the amounts then due thereon) into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenue sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority.

(a) Interest Account. The Trustee shall set aside in the Interest Account in the manner and at the times specified by Supplemental Indenture amounts sufficient to pay the interest on Bonds and Parity Obligations as and when due. Except as otherwise provided in this Section 5.04(a), moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds and Parity Obligations as such interest shall become due and payable, provided that moneys in any separate account established to pay interest on a Series of Bonds shall be used and withdrawn solely to pay interest on such Bonds as and when due.

(b) Principal Account. The Trustee shall set aside in the Principal Account in the manner and at the times specified by Supplemental 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). Except as otherwise provided in this Section 5.04(b), moneys in the Principal Account shall 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 shall be used and withdrawn solely to pay principal of such Bonds as and when due.

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Any moneys remaining in the Bond Fund after the foregoing transfers shall be transferred to the Master Indenture Trustee for deposit in the Master Indenture Fees and Expenses Fund, provided, however, that if the amount then on deposit in the Reserve Fund shall be less than the Reserve Requirement for any Bonds or if any Reserve Facility Costs shall then be due and payable, such moneys shall be transferred to the Reserve Fund until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement for all Bonds that have a Reserve Requirement and all Reserve Facility Costs shall have been paid.

Section 5.05 Establishment, Funding and Application of the Reserve Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Reserve Fund." On the date of issuance of any Series of Bonds that has a Reserve Requirement, the Reserve Requirement for those Bonds shall be deposited in the Reserve Fund in an account solely for the benefit of those Bonds. Alternatively, the Supplemental Indenture for any Series of Bonds may establish a pooled Reserve Requirement for that Series of Bonds and any one or more subsequently issued Series of Bonds with the same pooled Reserve Requirement, in which case the Reserve Requirement for the initial such Series of Bonds shall be deposited in the Reserve Fund in an account solely for the benefit of those Bonds and any additional Bonds with the same pooled Reserve Requirement, and on the date of issuance of any such additional Bonds, there shall be deposited in the account the amount necessary to increase the balance in the account to an amount equal to the Reserve Requirement for all Bonds secured by that account.

Moneys in an account in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purposes of paying principal of and interest on the Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit in the Principal Account and the Interest Account or (together with any other moneys available therefor) for the payment or redemption of all such Bonds then Outstanding or, for the payment of the final principal and interest payment of all such Bonds that are Outstanding.

In the event that the Trustee shall have withdrawn moneys in an account in the Reserve Fund for the purpose of paying principal and interest on Bonds when due as provided in the immediately preceding paragraph, the Trustee shall promptly notify the Authority of such withdrawal. Upon receipt of such notification, the Authority shall, 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, transfer to the Trustee, pursuant to Section 5.04, for deposit in that depleted account in the Reserve Fund, an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished withdrawal until the amount on deposit in that account in the Reserve Fund is equal to the Reserve Requirement for the Bonds secured by that account.

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 Section 5.13, the Authority shall, 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, transfer to the Trustee, pursuant to Section 5.04, for deposit in the Reserve Fund, an amount equal to one-twelfth (1/12th) of the aggregate amount of such deficiency until the amount on deposit in the Reserve Fund is equal to the Reserve Requirement for all Bonds secured by the Reserve Fund.

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The Reserve Requirement for any Series of Bonds may be permitted or required by the Supplemental Indenture establishing the Reserve Requirement to be funded in whole or in part with a Reserve Facility. The terms and conditions for any Reserve Facility shall be set forth in the Reserve Facility or the Supplemental Indenture establishing the Reserve Requirement to be met in whole or in part by the Reserve Facility, provided that those terms and conditions shall conform to and be consistent with the provisions set forth in this Section 5.05.

The Trustee shall withdrawn cash (and liquidate investments to produce cash) and draw on Reserve Facilities in any account to fund payments of principal of and interest on Bonds supported by an account in the Reserve Fund in the manner and in the order specified in the Supplemental Indenture establishing the Reserve Requirement for such Bonds.

This Indenture shall not be discharged until all Reserve Facility Costs owing to a Reserve Facility Provider shall have been paid in full.

Section 5.06 Establishment and Application of the Rebate Fund. Upon the Written Request of the Authority, the Trustee shall establish, maintain and hold in trust a separate fund designated as the “Rebate Fund” and there shall 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 shall be held by the Trustee to satisfy the Rebate Requirement (as defined in the Tax Certificate) for payment to the United States of America. The Trustee shall have no responsibility with respect to the Rebate Fund or the Rebate Requirement except to follow the written instructions of the Authority.

Section 5.07 Establishment and Application of the Redemption Fund. The Trustee shall 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 shall, unless otherwise provided in the Supplemental Indenture establishing the terms and conditions for such Series of Bonds, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series and maturity as shall be 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. Such Written Request of the Authority may specify that amounts on deposit in the Redemption Fund that remain unclaimed for a specified period of time shall be paid to the Authority, and the Trustee shall pay such unclaimed amounts to the Authority in accordance with the Written Request of the Authority.

Section 5.08 Records. The Trustee shall cause to be kept and maintained records pertaining to each fund and account held by it and all disbursements therefrom and shall deliver monthly to the Authority statements of activity with respect to such funds and accounts, provided that the Trustee shall not be obligated to report as to any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date.

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Section 5.09 Investment by Authority. Moneys held by the Authority in the Bay Area Toll Account and in the funds and accounts created hereunder and held by the Authority shall be invested and reinvested in any lawful investment of the Authority.

Section 5.10 Investment by Trustee. Moneys held by the Trustee in the funds and accounts created hereunder shall be invested and reinvested in Permitted Investments in accordance with the written instructions of an Authorized Representative.

Unless otherwise specified in the Supplemental Indenture creating a Series of Bonds, all Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund or account that was used to purchase the Permitted Investment. Unless otherwise provided by written instructions 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 the Rebate Fund, shall be transferred to the Bond Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

The Trustee is authorized to cause to be sold or redeemed and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account is or will be insufficient to make any required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale or redemption. Absent specific instructions from an Authorized Representative, the Trustee shall invest cash balances in Permitted Investments described in clause (xii) of the definition thereof unless otherwise specified in a Supplemental Indenture.

All Permitted Investments credited to the Reserve Fund shall be valued as of April 1 of each year (or the next succeeding Business Day if such day is not a Business Day). All Permitted Investments credited to the Reserve Fund shall 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 this 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 shall account separately for the moneys belonging to each fund or account established pursuant to this Indenture and held by it.

Section 5.11 Subsidy Payments. The Authority irrevocably directs that all Subsidy Payments with respect to Bonds be made directly to the Trustee for deposit in the Bond Fund pursuant to this Indenture. Any such Subsidy Payments received by the Authority shall be promptly remitted to the Trustee. The Trustee shall deposit all such Subsidy Payments to the Bond Fund upon receipt thereof and thereby constitute those amounts Revenue. The Trustee

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shall file such forms with the Internal Revenue Service and take all other such actions as the Authority has notified it in writing may be necessary to request and receive the Subsidy Payments on the Authority's behalf and the Trustee shall have no responsibility therefore other than following the Authority's written instructions.

ARTICLE VI

COVENANTS OF THE AUTHORITY

Section 6.01 Punctual Payment and Performance. The Authority will punctually pay the principal of and the interest on (and redemption premiums, if any) to become due on the Bonds in strict conformity with the terms of the Act, the Indenture and the Bonds, and will faithfully observe and perform all of the agreements and covenants contained in the Indenture and the Bonds.

Section 6.02 Against Encumbrances. The Authority will not create or cause or permit to be created any pledge, lien, charge or encumbrance having priority over the lien of the Bonds and Parity Obligations upon any of the Revenue except Senior Obligations (including reserve costs for Senior Obligations required by any Senior Bond Indenture). The Authority will not create or cause or permit to be created any pledge, lien, charge or encumbrance having parity with the lien of the Bonds and Parity Obligations upon any of the Revenue except Bonds and Parity Obligations. The Authority will not create or permit to be created or issue any bonds, notes or other obligations secured by a pledge of or charge or lien upon Revenue except Senior Obligations, Bonds and Parity Obligations, provided that the Authority may at any time, or from time to time, issue or incur subordinated obligations as provided in Section 3.03.

Section 6.03 Tax Covenants.

(a) The Authority shall not 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 shall not take or permit to be taken any other action or actions that 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 shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.03(a) it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Authority shall so instruct the Trustee under this Indenture in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

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(b) The Authority covenants to comply with the provisions and procedures of each Tax Certificate.

(c) The Authority and the Trustee shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority (so long as such proceeds or other funds are under its control), directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code if such Bonds were, when originally issued, intended by the Authority to be obligations described in Section 103(a) of the Code.

(d) Notwithstanding any provisions of this Section 6.03 or any Tax Certificate, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 6.03 is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on any Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding any other provision of this Indenture or any Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

(e) The Trustee shall follow the directions of the Authority given pursuant to the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

Section 6.04 Revenue Covenants.

(a) The Authority covenants that it will at all times establish and maintain tolls on the Bay Area Bridges at rates projected by it to generate sufficient Revenue to pay, as and when due, amounts due on all Outstanding Senior Bonds, other Senior Obligations, Bonds and Parity Obligations, Maintenance and Operation Expenses, and other obligations of the Authority, and to otherwise comply with the Act.

(b) The Authority covenants to: (i) compute projected Available Revenue for each Fiscal Year (commencing with the Fiscal Year beginning July 1, 2010) and the ratio produced by dividing projected Available Revenue by projected Debt Service for that Fiscal Year (such ratio being hereinafter referred to as the "Coverage Ratio") within ten Business Days after the beginning of that Fiscal Year (such date of computation being hereinafter referred to as a "Coverage Calculation Date;" (ii) to promptly furnish to the Trustee a Certificate of the Authority setting forth the results of such computations; and (iii) if the Coverage Ratio is less than 1.20:1, to take such action as promptly as practicable after the Coverage Calculation Date (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected Coverage Ratio for that Fiscal Year to equal or exceed 1.20:1.

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Section 6.05 Payment of Claims. The Authority will pay and discharge any and all lawful claims that, if unpaid, might become a charge or lien upon the Revenue or any part thereof or upon any funds in the hands of the Authority or the Trustee prior to or on a parity with the charge and lien upon the Revenue securing any Bonds.

Section 6.06 Accounting Records; Financial Statements and Other Reports.

(a) The Authority will keep appropriate accounting records in accordance with generally accepted accounting principles. Such accounting records shall at all times during business hours be subject to the inspection of the Trustee or of any Holder (or its representative authorized in writing).

(b) The Authority will 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 (which may be the financial statements of the Metropolitan Transportation Commission while the Authority is treated as a blended component unit thereof), together with an audit report thereon prepared by an Independent Certified Public Accountant.

Section 6.07 Protection of Revenue and Rights of Holders. The Authority will preserve and protect the security of the Bonds and Parity Obligations and the rights of the Bondholders and the holders of Parity Obligations and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Authority, the Bonds shall be incontestable by the Authority.

Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations. The Authority will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Revenue, or any part thereof, promptly as and when the same shall become due and payable, except that the Authority shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the Authority shall have set aside reserves to cover such payments.

Section 6.09 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 hereby covenant and agree that they will 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 provision of this Indenture, failure of the Authority or the Trustee to comply with the provisions of any Continuing Disclosure Agreement shall not constitute an Event of Default under this Indenture; provided, however, that the Trustee, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of any Series of Bonds then Outstanding, shall (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, take such actions as may be

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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 Section.

Section 6.10 Further Assurances. The Authority will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES

Section 7.01 Events of Default. Any one of the following and any other event specified in a Supplemental Indenture as an Event of Default shall constitute an Event of Default hereunder:

(a) default in the payment of any interest on any Bond when and as the same shall have become due;

(b) default in the payment of the principal of or premium, if any, on any Bond when and as the same shall 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 this Indenture and the continuance thereof for a period of sixty (60) days after written notice thereof to the Authority given by the Trustee.

Section 7.02 Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, 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 shall deem 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 this Indenture, or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Bondholders by this Indenture or the Bonds or by law. The provisions of this Indenture shall constitute a contract with each and every Bondholder and the duties of the Authority shall be enforceable by the Trustee on behalf of any Bondholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 7.03 Waivers. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein and every such right and power

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may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Trustee. (a) _____ will serve as the Trustee under this Indenture. The Trustee shall be required to perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (that has not been cured), exercise such of the rights and powers vested in it by this 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. The Trustee hereby designates _____ as its Principal Office for all purposes hereof and accepts the duties imposed upon it hereunder and agrees, particularly: (i) to hold all sums held by it for the payment of the principal and Purchase Price of, premium, if any, or interest on the Bonds in trust for the benefit of the Holders of the Bonds as provided herein until such sums shall be paid to such Holders of the Bonds or otherwise disposed of as herein provided; (ii) to authenticate and cancel Bonds as provided herein; (iii) to perform its obligations under this Indenture; and (iv) to keep such books and records relating to its duties as Trustee as shall be consistent with reasonable industry practice and to make such books and records available for inspection by the Authority at all reasonable times upon reasonable notice.

The Authority shall cause the necessary arrangements to be made and to be thereafter continued whereby: (i) funds derived from the sources specified in this Indenture will be made available at the Principal Office of the Trustee for the timely payment of principal and Purchase Price of, premium, if any, and interest on the Bonds; (ii) Bonds shall be made available for authentication, exchange and registration of transfer by the Trustee at the Principal Office of the Trustee; and (iii) the Trustee shall be furnished such records and other information, at such times, as shall be required to enable the Trustee to perform the duties and obligations imposed upon it hereunder.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that, at all times regardless of whether or not any Event of Default shall exist: (i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and (ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture; (iii) the Trustee shall not be liable for any error of judgment made in good faith

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unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and (iv) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority, or such larger percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(d) No delivery of Bonds to the Trustee or purchase of Bonds by the Trustee shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby.

Section 8.02 Compensation and Indemnification of Trustee. The Authority shall: (i) pay the Trustee reasonable compensation (which, to the extent permitted by applicable law, shall not be limited by any law limiting the compensation of the trustee of an express trust); (ii) pay or reimburse the Trustee upon request for all reasonable fees, expenses, disbursements and advances incurred or made in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own negligence or willful misconduct; and (iii) to the extent permitted by applicable law, indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the performance of its duties hereunder, including the costs and expenses of defending itself against or investigating any claim of liability or expense, except to the extent that any such liability or expense was due to its own negligence or willful misconduct. The obligations of the Authority under this Section 8.02 shall survive the satisfaction and discharge of this Indenture.

Section 8.03 Qualifications of Trustee; Resignation; Removal.

(a) There shall at all times be a trustee hereunder that is a commercial bank, trust company or national association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having (or if such bank, trust company or national association is a member of a bank holding company system, its holding company has) a combined capital and surplus of at least five hundred million dollars (\$500,000,000), and subject to supervision or examination by federal or state authority. If such banks, trust companies, or banking associations publish reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section 8.03, the combined capital and surplus of such banks, trust companies or banking associations shall be deemed to be their combined capital and surplus as set forth in their most recent reports of conditions so published.

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(b) The Trustee may at any time resign by giving at least thirty (30) days' written notice to the Authority. Upon receiving such notice of resignation, the Authority, shall promptly appoint a successor trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within thirty days after the giving of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee or any Holder who has been a bona fide Holder of a Bond for at least six months may, on behalf of itself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(c) In case at any time either of the following shall occur: (i) the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.03 and shall fail to resign after written request therefor by the Authority or by any Holder who has been a bona fide Holder of a Bond for at least six months; or (ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Authority may remove the Trustee and appoint a successor trustee by an instrument in writing executed by an Authorized Representative, or any Holder who has been a bona fide Holder of a Bond for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(d) The Authority or Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by an Authorized Representative of the Authority or by such Holders, as the case may be.

(e) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.03 shall become effective upon acceptance of appointment by the successor trustee acceptable to the Authority. Any successor trustee shall execute, acknowledge and deliver to the Authority and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Written Request of the Authority or the request of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Authority shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. No successor trustee shall accept appointment as provided in this Section 8.03 unless at the time of such acceptance

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such successor trustee shall be eligible under the provisions of this Section 8.03. Upon acceptance of appointment by a successor trustee as provided in this Section 8.03, the Authority or such successor trustee shall give Holders notice of the succession of such trustee to the trusts hereunder.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Section 8.03 and acceptable to the Authority, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

(g) In the event of the resignation or removal of the Trustee, the Trustee shall deliver any money and any Bonds and its related books and records held by it in such capacity to its successor.

(h) The Trustee may appoint and at all times have one or more agents in connection with its duties and responsibilities hereunder.

Section 8.04 Instrument of Bondholders. Any instrument required by this Indenture to be executed by Bondholders may be in any number of writings of similar tenor and may be executed by Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture: (i) a certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction that the person signing such writing acknowledged before him the execution thereof; or (ii) a certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

The Trustee may rely on such an instrument of Bondholders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Bondholders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Bondholders that holds the largest percentage of Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein. The Trustee shall have no liability provided it is following the instructions of such Bondholders permitted to direct the Trustee pursuant to this Indenture.

Section 8.05 Issuing and Paying Agents. The Authority may appoint and at all times have one or more issuing and paying agents in such place or places as the Authority may designate, for the payment of a Series of Bonds. Such issuing and paying agent shall meet the qualifications for the Trustee and the procedures and conditions for removal and resignation set forth in Section 8.03 hereof. It shall be the duty of the Trustee to make such arrangements with

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any such issuing and paying agent as may be necessary to assure, to the extent of the moneys held by the Trustee for such payment, the prompt payment of Bonds presented at either place of payment.

ARTICLE IX

AMENDMENTS

Section 9.01 Amendments to Indenture Not Requiring Consent of Bondholders. Except to the extent restricted by a Supplemental Indenture, the Authority and the Trustee, without the consent of or notice to any Bondholders, may execute Supplemental Indentures amending this 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 this 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 of the Indenture that, in the Opinion of Bond Counsel, is defective or inconsistent with any other provision of the Indenture;

(e) to make any change therein necessary, in the Opinion of Bond Counsel, to maintain the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Bonds intended by the Authority to bear federally tax-exempt interest;

(f) to make modifications or adjustments necessary in order to accommodate a Credit Support Instrument or a Reserve Facility;

(g) to modify, alter, amend or supplement this Indenture if (1) all of the Bonds to be affected thereby are variable interest rate bonds, (2) the modification, alteration, amendment or supplement shall not become effective until written notice thereof shall have been given to Bondholders of the affected Series by the Trustee, and (3) thirty (30) days shall have passed during which time such Bondholders shall have had the opportunity to tender their variable interest rate bonds for purchase;

(h) to make any change therein that does not materially and adversely affect Bondholders; and

(i) to issue additional Bonds hereunder in accordance with the terms hereof;

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provided, that no such amendment may permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, or (ii) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Bond, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as provided in Article III, or (iv) a reduction in the aggregate principal amount of the Bonds required for any consent to any amendment pursuant to Section 9.02.

Section 9.02 Amendments to Indenture Requiring Consent of Bondholders.

(a) Exclusive of amendments authorized by Section 9.01 and subject to the terms and provisions contained in this Section 9.02(a) and in any Supplemental 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, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to such other amendments hereto for the purpose of modifying, altering, amending, or supplementing any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section 9.02(a) shall permit, or be construed as permitting (i) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, or (ii) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Bond, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as provided in Article III, or (iv) a reduction in the aggregate principal amount of the Bonds required for any consent to any amendment.

Section 9.03 Notice to and Consent of Bondholders. If consent of the Bondholders is required under the terms of this Indenture for the amendment of this Indenture or for any other similar purpose, the Authority shall cause notice of the proposed amendment to be given by first-class mail to the Holders of the Outstanding Bonds then shown on the registration books for the Bonds. Such notice shall briefly set forth the nature of the proposed amendment or other action and shall state that copies of any such amendment are on file at the office of the Authority and the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Authority following the mailing of such notice, the Holders of the requisite principal amount of the Bonds Outstanding by instruments filed with the Authority shall have consented to the amendment or other proposed action, then the Authority may adopt or execute, as appropriate, such amendment or take such proposed action and the consent of the Bondholders shall thereby be conclusively presumed. Such instruments filed with the Authority may include documents stating that Holders of Bonds have consented to an amendment by purchasing such Bonds if the official statement or other disclosure document related to such purchase disclosed that the purchase of the Bonds was deemed to mean that the Holders consented to the amendment.

Section 9.04 Effect of Supplemental Indentures. Upon the execution and delivery of any Supplemental Indenture pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties

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and obligations under this Indenture of the Authority, the Trustee and all Owners of Outstanding Bonds shall 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 shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.05 Bonds Owned by Authority. (a) For purposes of this Article IX, Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article IX, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article IX. Upon request of the Trustee, at the time of any consent or other action is to be taken under this Article IX, the Authority shall furnish the Trustee a Certificate of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

(b) The purchase or other acquisition of Bonds by or on behalf of the Authority does not cancel, extinguish, or otherwise affect the Bonds.

ARTICLE X

DISCHARGE OF LIEN

Section 10.01 Discharge of Lien and Security Interest. (a) At the election of the Authority, upon payment in full of all the Bonds and of all amounts payable under this Indenture, the pledge and lien on the Revenue arising under this Indenture shall cease, determine and be void; provided, however, such discharge of this Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of the Bonds.

(b) Notwithstanding any provision in the Indenture to the contrary, if the principal of or interest on any Bonds shall be paid by a Credit Provider, those Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority within the meaning of this Section 10.01, and the pledge of the Revenue and all covenants, agreements and other obligations of the Authority as herein provided shall continue to exist and shall run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of the Holders.

Section 10.02 Provision for Payment of Bonds. Bonds (or any portion of the Bonds) shall be deemed to have been paid within the meaning of Section 10.01 if:

(a) there shall have been irrevocably deposited with the Trustee in trust either (i) lawful money of the United States of America in an amount that shall be sufficient, or (ii) Defeasance Securities, the principal and interest on which when due, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient (as confirmed by a report of an Independent Certified Public Accountant), to pay when due the principal amount of,

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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 shall have 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 shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice.

Limitations elsewhere specified herein regarding the investment of money held by the Trustee shall not be construed to prevent the depositing and holding of the Defeasance Securities described in Section 10.02(a)(ii) for the purpose of defeasing the lien of this Indenture as to Bonds that have not yet become due and payable. In addition, all money so deposited with the Trustee as provided in Section 10.02(a)(i) may also be invested and reinvested, at the direction of an Authorized Representative, in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, subject to the confirming report of an Independent Certified Public Accountant as to the sufficiency thereof as provided in Section 10.02(a)(ii), and all income from all Defeasance Securities in the hands of the Trustee pursuant to this Section 10.02, that 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 shall have been so deposited, shall 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 this Indenture, such income shall be automatically paid over to the Authority.

Notwithstanding any other provision of this Indenture, no Bond that is subject to optional or mandatory tender in accordance with the provisions of the Supplemental Indenture pursuant to which such Bond was issued, shall be deemed to be paid within the meaning of this Indenture, unless arrangements shall 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 Defeasance Securities as are provided pursuant to this Section 10.02.

Section 10.03 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds that remain unclaimed for two (2) years after the date when such Bonds shall have become due and payable, either at their stated maturity dates, tender for purchase or by call for redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys, if deposited with Trustee after the date when such Bonds or the Purchase Price thereof became due and payable, shall automatically be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall look only to the Authority for the payment of the principal or Purchase Price of, the redemption premiums, if any, and interest on such Bonds.

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ARTICLE XI

MISCELLANEOUS

Section 11.01 Liability of Authority Limited to Revenue. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source of income other than Revenue as provided herein for the payment of the interest on or principal of or redemption premium, if any, on the Bonds or for the performance of any agreements or covenants contained herein. 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 hereby.

The Bonds are special obligations of the Authority payable, as to interest thereon, principal thereof and redemption premium, if any, upon the redemption of any thereof, solely from Revenue as provided herein and the Authority is not obligated to pay them except from Revenue. The Bonds do not constitute a debt or liability of the State or of any 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.

Section 11.02 Limitation of Rights; Third Party Beneficiary. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the Bondholders and each Credit Provider any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the Bondholders and each Credit Provider.

Section 11.03 Rights of Credit Providers. (a) 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 this Indenture given to the Owners of the Bonds to which such Credit Support Instrument relates.

(b) All provisions under this Indenture authorizing the exercise of rights by a Credit Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned therein during any period during which there is a default by such Credit Provider under the applicable Credit Support Instrument or after the applicable Credit Support Instrument shall at any time for any reason cease to be valid and binding on the Credit Provider, or shall be declared to be null and void by final judgment of a court of competent jurisdiction, or after the Credit Support Instrument has been rescinded, repudiated by the Credit Provider or terminated, or after a receiver, conservator or liquidator has been appointed for the Credit Provider or if the Credit Provider is rated below Baa by Moody's or BBB by S&P. All provisions relating to the rights of a Credit Provider shall be of no further force and effect if all amounts owing to the

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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.

Section 11.04 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.05 Notices. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Authority:

Bay Area Toll Authority
101 Eighth Street
Oakland, California 94607-4700
Attention: Manager of Finance

If to the Trustee:

[to come]

The Authority and the Trustee by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses.

Section 11.06 Payments Due on Non-Business Days. Except as specifically provided otherwise in a Supplemental Indenture, any payment or transfer that would otherwise become due on a day that is not a Business Day need not be made on such day but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date due, and no interest shall accrue for the period from and after the date due.

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Section 11.07 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 11.08 California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 11.09 Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 11.10 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Subordinate Indenture to be executed by their officers thereunto duly authorized as of the day and year first written above.

BAY AREA TOLL AUTHORITY

By _____
Executive Director

Countersigned:

Secretary

By _____
Authorized Representative