



Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.7848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Authority

DATE: October 17, 2014

FR: Deputy Executive Director

W. I. 1254

RE: Resolution No. 114 – FY 2013-14 Financing Plan – Authorizing the issuance of refunding bonds and up to \$300 million in additional bonds to finance Authority projects and approval of an Official Statement

Resolution No. 114 authorizes staff to complete the FY 2013-14 Financing Plan with the issuance of \$300 million in Toll Bridge Revenue Bonds to fund on-going projects and complete refunding of the remaining outstanding 2009 Fixed Rate bonds.

Resolution No. 110, setting forth the FY 2013-14 Financing Plan, was approved by the Authority in November 2013. The plan called for new money project funding of up to \$500 million and potential refunding opportunities provided either there were minimum 3% net present value savings or the refunding was in the Authority's "best interests" to achieve other Authority objectives. To date, \$200 million of new project funding has been completed. In addition, BATA has completed refunding \$1.0 billion in 2008 Series F-1 and 2009 Series F1 bonds. \$451.2 million of the 2009 Series F1 bonds remain outstanding.

The most recent refunding, completed in August 2014, resulted in a cash flow savings of \$158 million (\$146 million in present value or 14% of refunded principal). However, the "put bond" structure of the refunding guarantees savings only to the call date of 2019 when the bonds will have to be remarketed. Because the rates on the remarketed bonds cannot be guaranteed, future savings are not predictable. Nevertheless, the combination of known cash flow savings, converting from fixed to generally lower-cost variable rate debt and the potential benefit of matching short-term debt with BATA's investment returns, generally improves BATA's objectives of improved financial and debt service management.

Resolution No. 114 will authorize the balance of the FY 2013-14 Financing Plan. If market conditions hold, we plan to issue the remaining authorized \$300 million in new money project funding as 40-year, subordinate fixed rate bonds as more fully described in the draft Official Statement (OS). Our current working assumption assumes an effective interest rate of 4.60%, substantially below our planning rate of 6.25%.

We also expect to complete the refunding of the remaining \$451.2 million principal outstanding 2009 Series F-1 bonds utilizing substantially the same method as the most recent 2014 refunding. That is, our basic plan is to utilize a "put bond" structure that will fix the rate until the 2019 call date on the 2009 Series F-1 bonds. The estimated cash flow savings through 2019 is \$50 million (\$47 million in present value or 10% of refunded principal). We will, however, also explore the

option of using a near-term variable rate structure as a means of enhancing potential savings. Our analysis indicates a savings range as follows:

Refunded Par	\$451.2 million
Refunding Principal	\$521 million
Average Coupon	5.04%
“Put Bond” Savings (2.08%)	\$50 million
All Variable Savings	\$82 million
Combined (50/50) Savings	\$66 million

A final decision on the size and composition of the refunding structure will depend on investor interest, market conditions and rates as we get closer to pricing in December.

Terms of Resolution No. 114 remain very similar to previous issuing authorizations, including Resolution No. 110. Specifically, Resolution No. 114 authorizes use of the OS and specifies certain issuance limitations, including the additional bonds test, as well as the following:

New Money	Not-to-Exceed
Size	- \$300 million
Rate (True Interest Cost)	- 5.75% Fixed Rate Debt
Term	- 40 years
Costs of Issuance	- 1.0% Underwriters Discount .50% Issuance Costs

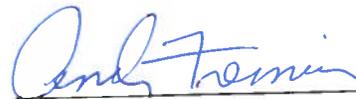
Refunding	\$451.2 million 2009 Series F1
Size	- \$521 million (estimated)
Savings	- 3% NPV of Principal, or CFO, Executive Director, Financial Advisor, agree that other Authority objectives will be met

Attachment A to Resolution No. 114 calculates that there will be net operating revenue of 1.50 x the maximum annual debt service, including the new senior lien debt being issued, resulting in an overall coverage ratio of 1.94% after completion of the FY 2013-14 Financing Plan. By strict definition contained in BATA’s bond issuance documents, the test in Resolution No. 114 is limited to information available from the most recently completed Financial Statement which is June 30, 2013. Updating the numbers to the unaudited June 30, 2014 Fiscal Year numbers improves the coverage ratio to 2.01%.

The OS is the primary document used by the underwriting team to market and sell bonds to investors. The OS describes BATA, toll traffic, toll revenue, BATA finances, the purpose of the financing, and disclosable risks, as well as repayment terms, conditions and covenants that impact repayment to the investor.

If the bonds are not priced in the market within these parameters by December 31, 2014, the authorization granted through Resolution No. 114 will lapse and staff will be required to return to the Authority and request further authorization.

Staff requests approval of Resolution No. 114.



Andrew B. Fremier

SH:BM/cm

Date: October 22, 2014
W.I.: 1254

ABSTRACT

BATA Resolution No. 114

This resolution authorizes the publication of an official statement relating to the Authority and its bonds, the taking of various actions in connection with the Authority's outstanding bonds, the issuance of refunding bonds and up to \$300 million in additional bonds to finance Authority projects, the execution and delivery of related bond and disclosure documents, and all necessary actions in connection therewith.

Discussion of this action is contained in the Executive Director's memorandum dated October 17, 2014.

Date: October 22, 2014
W.I.: 1254

BAY AREA TOLL AUTHORITY
RESOLUTION NO. 114

WHEREAS, the Bay Area Toll Authority (the "Authority") has outstanding \$5,642,030,000 principal amount of toll bridge revenue bonds (the "Senior Bonds") issued pursuant to its Master Indenture dated as of May 1, 2001, as amended and supplemented (the "Master Indenture") and has outstanding \$3,285,000,000 principal amount of subordinate toll bridge revenue bonds (the "Subordinate Bonds") issued pursuant to its Subordinate Indenture dated as of June 1, 2010, as amended and supplemented (the "Subordinate Indenture"); and

WHEREAS, the Authority pursuant to Resolution 110, adopted November 20, 2013 ("Resolution 110"), authorized the issuance of up to an additional \$500,000,000 principal amount of toll bridge revenue bonds (the "Additional Bonds") to provide funding for the seismic retrofit program and other Authority projects in one or more series from time to time through December 31, 2014, as additional Senior Bonds or additional Subordinate Bonds or a combination thereof, bearing either taxable or tax-exempt fixed interest rates or variable interest rates or a combination thereof; and

WHEREAS, in Resolution 110 the Authority authorized the refunding of any variable rate Senior Bonds and any fixed interest rate Senior Bonds with fixed interest rate or variable interest rate Senior Bonds, Subordinate Bonds or a combination thereof (collectively, the "Refunding Bonds"), subject to certain conditions set forth in the Resolution 110; and

WHEREAS, on August 5, 2014, the Authority issued \$1,201,635,000 of its Senior Bonds as variable rate bonds to advance refund the Authority's then outstanding \$707,730,000 2008 Series F-1 Bonds and a \$317,520,000 portion of its 2009 Series F-1 Bonds bearing interest at fixed interest rates and issued \$200,000,000 of Additional Bonds as Senior Bonds at fixed interest rates; and

WHEREAS, the Authority on October 16, 2014 executed a Reimbursement Agreement dated as of October 16, 2014 to replace the then existing reimbursement agreement under which

banks provide liquidity and credit support for the \$400,000,000 aggregate principal amount of the Authority's variable rate demand Senior Bonds; and

WHEREAS, it may be in the best interests of the Authority to refund all or a portion of the remaining outstanding 2009 Series F-1 Senior Bonds; and

WHEREAS, in order to facilitate the offering and sale of the remaining \$300,000,000 of Additional Bonds authorized by Resolution 110 and the refunding of all or a portion of the outstanding 2009 Series F-1 Bonds, there has been prepared and presented to the Authority a proposed form of official statement relating to the Authority and its Bonds (the "Official Statement"); now, therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and that capitalized terms used in this Resolution that are defined in Resolution 110, the Master Indenture or the Subordinate Indenture shall have the meanings herein that are assigned to such terms therein, as applicable; and be it further

RESOLVED, that the Authority hereby authorizes the issuance, from time to time, of Additional Bonds as Senior Bonds or Subordinate Bonds or a combination thereof in one or more series and in one or more public offerings or private placements, in accordance with the Master Indenture or the Subordinate Indenture, respectively, in an aggregate principal amount not to exceed \$300,000,000 to:

- (1) fund the seismic retrofit program and other Authority projects and to reimburse the Authority for its prior payment of such costs;
- (2) increase the amount in the reserve fund under the Master Indenture as necessary to meet the requirements of the Master Indenture and fund any reserve fund contribution under the Subordinate Indenture;
- (3) pay the costs of issuance of the Additional Bonds, provided that the underwriters' discount (excluding any original issue discount) shall not exceed 1% of the aggregate principal amount of tax-exempt Additional Bonds issued and 2% of the aggregate principal amount of taxable Additional Bonds issued and other costs of issuance shall

not exceed .50% of the aggregate principal amount of the Additional Bonds issued;
and

- (4) pay any interest rate swap-related or other costs, legal or financial advisor fees, credit support costs or other payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer in carrying out the purposes of this Resolution;

provided, however, that the aggregate principal amount of Additional Bonds issued pursuant to the foregoing authorization may not exceed \$300,000,000, the purchase contracts with the underwriters for the Additional Bonds authorized hereby shall not be executed after December 31, 2014 without further authorization by the Authority, and the authorization herein to issue such Additional Bonds shall be deemed to terminate a corresponding aggregate principal amount of authorization to issue Additional Bonds under Resolution 110; and be it further

RESOLVED, that some or all of the Additional Bonds may be issued as fixed interest rate bonds that have coupon payments that increase over the life of the bonds according to a schedule, as described in the Official Statement and as set forth in the supplemental indenture; and be it further

RESOLVED, that the Authority hereby authorizes the refunding of all or a portion of the 2009 Series F-1 Bonds (“2014 Refunding Bonds”), as described in the Official Statement; provided that the purchase contracts with the underwriters for the 2014 Refunding Bonds authorized hereby shall not be executed after December 31, 2014 without further authorization by the Authority; and be it further

RESOLVED, that in the event the 2014 Refunding Bonds do not meet the net present value economic benefit threshold in Resolution No. 51, the Authority hereby authorizes the Executive Director and the Chief Financial Officer to determine (with the advice of the Authority’s Financial Advisor) whether it is in the best interests of the Authority to issue the 2014 Refunding Bonds to achieve one or more of the other objectives set forth in Resolution No. 51, including without limitation to improve the Authority’s debt service profile in light of the Authority’s overall portfolio of debt and invested assets, and to execute and deliver a certificate to such effect in connection with the issuance of such 2014 Refunding Bonds; 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, terms of redemption, and other terms of each series of Additional Bonds or 2014 Refunding Bonds shall be as provided in one or more supplemental indentures to the Master Indenture or the Subordinate Indenture providing for the issuance of such series of Additional Bonds or 2014 Refunding Bonds as finally executed by the Executive Director or the Chief Financial Officer, provided that the true interest cost for fixed interest rate Additional Bonds may not exceed 5.75% per annum for tax-exempt bonds and 8.00% for taxable bonds and the interest rate for variable interest rate Additional Bonds or 2014 Refunding Bonds may not exceed 12% per annum except with respect to any variable interest rate Additional Bonds that are held pursuant to a letter of credit, line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which credit or liquidity support is provided for Additional Bonds (a "Support Agreement"), for which the interest rate or rates shall not exceed 15% per annum; and be it further

RESOLVED, that the terms of fixed interest rate Bonds, the method of determining the interest rate or rates on variable interest rate Bonds, the terms of tender and purchase of variable interest rate Bonds, and the other terms of variable interest rate Bonds shall be as specified in a supplemental indenture to the Authority's Master Indenture or Subordinate Indenture in substantially the form of a supplemental indenture executed by the Authority in the past pursuant to the Master Indenture or the Subordinate Indenture, with such additions thereto and changes therein (including, without limitation, the terms and conditions related to the issuance of fixed interest rate bonds that have coupon payments that increase over the life of the bonds according to a schedule, additional put bond or other structures, with or without liquidity or credit support) as the Executive Director or Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may approve (approval to be conclusively evidenced by the execution and delivery of the supplemental indenture), and the Authority hereby authorizes the Executive Director or the Chief Financial Officer to purchase, from time to time, for and on behalf of the Authority, any of the variable interest rate Bonds at a price equal to the principal amount of such Bonds (plus accrued interest) on a date or dates selected by the Authority if such officer determines that it is in the best interests of the Authority to so purchase such Bonds; and be it further

RESOLVED, that the Authority hereby determines pursuant to Section 3.01(B)(1) of the Master Indenture (terms used below in this clause that are defined in the Master Indenture have the meaning herein assigned therein), based on the calculations in Attachment A to this Resolution, that the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Bonds (and Parity Obligations) and Additional Bonds in the aggregate principal amount of \$300,000,000, will not be less than 1.50:1, and the Authority hereby directs an Authorized Representative (as defined in the Master Indenture) to update this calculation as of the actual date of sale of each series of the Additional Bonds that are issued as Senior Bonds to reflect the actual amount of Additional Bonds being sold and to proceed with the issuance pursuant to the Master Indenture only if the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available or projected Net Revenue for each of the next three Fiscal Years to (B) Maximum Annual Debt Service on the Senior Bonds (and Parity Obligations) and the actual amount of Additional Bonds being sold is not less than 1.50:1 as of said date of sale; and be it further

RESOLVED, that the Authority hereby approves development and use of the Official Statement and authorizes the Executive Director and the Chief Financial Officer, and each of them, to publish, post or disseminate (and deem final for purposes of Securities and Exchange Commission Rule 15c2-12) the Official Statement, with such changes, amendment and supplements therein as are approved by either of them (including, without limitation, such changes as are necessary and desirable to conform the Official Statement to the Authority's audited financial statements for the Fiscal Year Ended June 30, 2014), as the Authority's official statement and to authorize the distribution of such official statement by underwriters; and be it further

RESOLVED, that except as specifically provided herein with respect to the Official Statement, the authorization of the Additional Bonds and 2014 Refunding Bonds, and the extension of time for issuance of the Additional Bonds, this Resolution does not amend, limit or otherwise modify the authorizations and approvals promulgated in Resolution 110, and such authorizations and approvals are hereby affirmed; and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director and the Chief Financial Officer, and each of them, 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, remarketing agreements, purchase contracts, credit agreements, liquidity agreements, escrow agreements 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, including, without limitation, establishing the terms and conditions related to the issuance of fixed interest rate bonds that have coupon payments that increase over the life of the bonds according to a schedule, or in such other form as the officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, 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 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 and Resolution 110 and to carry out, consummate and perform the duties of the Authority set forth in the Bond Documents and all other documents executed in connection with the Additional Bonds; and be it further

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

BAY AREA TOLL AUTHORITY

Amy Rein Worth, 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 October 22, 2014.

**ATTACHMENT A
TO BATA RESOLUTION NO. 114**

ADDITIONAL BONDS CERTIFICATE

BAY AREA TOLL AUTHORITY

Additional Bonds Test calculation for proposed \$300 million of Additional Bonds

	Fiscal Year 2013 Audited Results (000's)	Debt Service and Coverage Calculations
A Toll Revenues	\$ 652,975	
B Interest Income	3,021	
C Other Operating Revenues	<u>16,507</u>	
D REVENUE (A + B + C)	\$ 672,503	
E Less Category B Maintenance Expenses	<u>(24,617)</u>	
F NET REVENUE (D - E)	\$ 647,886	
Maximum Annual Debt Service on Senior Bonds as of October 16, 2014 (occurs in the Fiscal Year ending June 30, 2049)		\$318,388*
G Maximum Annual Debt Service after \$300 million of Additional Senior Bonds issued		\$333,388*
H Debt Service Coverage (F / G)		1.94x

* Excludes Debt Service on Subordinate Bonds; combined Maximum Annual Debt Service on all Outstanding Bonds is \$519,662,166. Assuming issuance of proposed Additional Bonds, estimated total combined Maximum Annual Debt Service is \$534,662,166.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2014**NEW ISSUE—BOOK-ENTRY ONLY****RATINGS: See “RATINGS”**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2014 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the 2014 Series Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2014 Series Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2014 Series Bonds. See “TAX MATTERS.”

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS

\$ _____
2014 Series D-1
(Term Rate)

\$ _____
2014 Series D-2
(Term Rate)

\$ _____
2014 Series E
(Index Rate)

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS

\$ _____
2014 Series S-5

\$ _____
2014 Series S-6

Dated: Date of Delivery**Due: April 1, as shown in SUMMARY OF OFFERING**

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

The Bay Area Toll Authority (the “Authority”) will issue its San Francisco Bay Area Toll Bridge Revenue Bonds, 2014 Series D-1, 2014 Series D-2 and 2014 Series E (collectively, the “2014 Variable Rate Senior Bonds”) pursuant to the Master Indenture, dated as of May 1, 2001, as supplemented and amended, including as supplemented by a Twenty-Third Supplemental Indenture dated as of December 1, 2014 (collectively, the “Senior Indenture”), between the Authority and MUFG Union Bank, N.A., as trustee. The 2014 Variable Rate Senior Bonds will be dated their date of delivery. The aggregate principal amount, interest rate determination method, Term Rate or Index Rate, interest payment dates, maturity date, authorized denominations and other information relating to each Series of 2014 Variable Rate Senior Bonds are summarized in the SUMMARY OF OFFERING following this cover page.

The Authority will issue its San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2014 Series S-5 and 2014 Series S-6 (collectively, the “2014 Subordinate Bonds” and, together with the 2014 Variable Rate Senior Bonds, the “2014 Series Bonds”) pursuant to the Subordinate Indenture, dated as of June 1, 2010, as supplemented, including as supplemented by a Fourth Supplemental Indenture dated as of December 1, 2014 (collectively, the “Subordinate Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2014 Subordinate Bonds will be dated their date of delivery and will mature on the dates, in the principal amounts and bear interest as shown in the SUMMARY OF OFFERING following this cover page. Investors may purchase 2014 Series Bonds in book-entry form only. The Depository Trust Company will act as securities depository for the 2014 Series Bonds.

The Authority administers the toll revenues from the seven state-owned toll bridges in the San Francisco Bay area. The Authority will use money from the sale of the 2014 Series Bonds to (i) refund the Authority’s outstanding 2009 Series F-1 Bonds, (ii) fund capital projects, (iii) make a cash deposit to the Reserve Fund for the benefit of the 2014 Subordinate Bonds and (iv) pay the costs of issuing the 2014 Series Bonds.

The 2014 Series Bonds are subject to optional redemption by the Authority prior to maturity as described in this Official Statement. The 2014 Series Bonds are also subject to mandatory sinking fund redemption by the Authority prior to maturity as described in this Official Statement.

No letter of credit or other credit or liquidity facility will be in effect for the 2014 Variable Rate Senior Bonds during the Term Rate or Index Rate Period. The 2014 Variable Rate Senior Bonds are subject to mandatory tender and remarketing at the end of the Term Rate or Index Rate Period. The Authority expects funds from such remarketing to be applied to pay the purchase price of the 2014 Variable Rate Senior Bonds upon mandatory tender. The Authority is not obligated to provide any other funds for the purchase of the 2014 Variable Rate Senior Bonds

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the 2014 Variable Rate Senior Bonds upon mandatory tender. If there are insufficient funds to purchase any Series 2014 Variable Rate Senior Bonds at the end of any Term Rate or Index Rate Period, the owners will retain such 2014 Variable Rate Senior Bonds which will then bear interest at the Stepped Rate. See “DESCRIPTION OF THE 2014 VARIABLE RATE SENIOR BONDS — Insufficient Funds; Stepped Rate.”

The Authority is not obligated to pay the 2014 Series Bonds except from Revenue as defined and provided in the Indenture and the Subordinate Indenture. The 2014 Series Bonds are special obligations of the Authority and do not constitute an obligation of the State of California (the “State”), the Metropolitan Transportation Commission or of any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any other political subdivision of the State or of any other entity, including the Authority.

The 2014 Series Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and other conditions. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Underwriters by their counsel, Nixon Peabody LLP. The Authority expects that the 2014 Series Bonds will be available for delivery through DTC on or about December __, 2014.

BofA Merrill Lynch
Barclays

Citigroup

J.P. Morgan
Goldman, Sachs & Co.

SUMMARY OF OFFERING
\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS

	\$ _____ 2014 Series D-1 Bonds	\$ _____ 2014 Series D-2 Bonds	\$ _____ 2014 Series E Bonds
Dated Date of Issuance:	December __, 2014	December __, 2014	December __, 2014
Maturity Date:	April 1, 2034	April 1, 2034	April 1, 2034
Price:	100%	100%	100%
Authorized Denominations:	\$5,000 or any integral multiple thereof	\$5,000 or any integral multiple thereof	\$5,000 or any integral multiple thereof
Interest Rate Determination Method*:	Term Rate	Term Rate	Index Rate
Term or Index Rate:	____%	____%	SIFMA Swap Index Plus ____%
Interest Payment Dates:	April 1 and October 1 of each year during the Term Rate Period commencing April 1, 2015	April 1 and October 1 of each year during the Term Rate Period commencing April 1, 2015	First Business Day of each month during the Index Rate Period commencing January 2, 2015
Record Date for Interest Payments:	Fifteenth day of the month preceding an Interest Payment Date	Fifteenth day of the month preceding an Interest Payment Date	Business Day next preceding an Interest Payment Date
Purchase Date Following End of Term Rate or Index Rate Period†:	April 1, 2020	April 1, 2021	April 1, 2021
First Optional Redemption:	October 1, 2019 at par	October 1, 2020 at par	October 1, 2020 at par
Remarketing Agent:	To be appointed by the Authority prior to the Purchase Date	To be appointed by the Authority prior to the Purchase Date	To be appointed by the Authority prior to the Purchase Date
Long Term Ratings Moody's/S&P/Fitch:	Aa3/AA/AA-	Aa3/AA/AA-	Aa3/AA/AA-
CUSIP No.‡ :	072024__	072024__	072024__

* Upon satisfaction of certain conditions set forth in the Indenture, the 2014 Variable Rate Senior Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method, provided however, that all 2014 Variable Rate Senior Bonds of a Series must have the same Interest Rate Determination Method. See "DESCRIPTION OF THE 2014 VARIABLE RATE SENIOR BONDS." This Official Statement is not intended to provide information about the 2014 Variable Rate Senior Bonds after conversion to another Interest Rate Determination Method.

† The 2014 Variable Rate Senior Bonds are subject to mandatory tender and remarketing on the day following the last day of the Interest Rate Period.

‡ CUSIP information herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters assume any responsibility for the accuracy of such numbers.

**SUMMARY OF OFFERING
(Continued)**

\$ _____
**BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS
2014 Series S-5 and 2014 Series S-6**

\$ _____ % 2014 Series S-5 Term Bond due April 1, 2054 — Price: 100%
CUSIP[†]: 072024 _____

The 2015 Series S-5 Term Bond maturing on April 1, 2054 will bear interest at ____% per annum through and including March 31, 20__; __% per annum from April 1, 20__ through and including March 31, 20__; and ____% per annum from April 1, 20__ to maturity.

\$ _____ % 2014 Series S-6 Term Bonds due April 1, 2054 — Price: _____%[‡]
CUSIP[†]: 072024 _____

[†] CUSIP information herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters assume any responsibility for the accuracy of such numbers.

[‡] Priced to par call on April 1, 20__.

BAY AREA TOLL AUTHORITY

MEMBERS AND OFFICERS

Voting Members

AMY REIN WORTH—Chair	Cities of Contra Costa County
DAVE CORTESE—Vice Chair	Santa Clara County
ALICIA C. AGUIRRE	Cities of San Mateo County
TOM BATES	Cities of Alameda County
DAVID CAMPOS	City and County of San Francisco
BILL DODD	Napa County and Cities
FEDERAL D. GLOVER	Contra Costa County
SCOTT HAGGERTY	Alameda County
ANNE W. HALSTED	San Francisco Bay Conservation and Development Commission
STEVEN KINSEY	Marin County and Cities
SAM LICCARDO	San José Mayor’s Appointee
MARK LUCE	Association of Bay Area Governments
JAKE MACKENZIE	Sonoma County and Cities
JOE PIRZYNSKI	Cities of Santa Clara County
JEAN QUAN	Oakland Mayor’s Appointee
JAMES P. SPERING	Solano County and Cities
ADRIENNE J. TISSIER	San Mateo County
SCOTT WIENER	San Francisco Mayor’s Appointee

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
ALIX BOCKELMAN, Deputy Executive Director, Policy
ANDREW B. FREMIER, Deputy Executive Director, Operations
BRIAN MAYHEW, Chief Financial Officer
ADRIENNE D. WEIL, General Counsel

SENIOR INDENTURE

TRUSTEE

MUFG Union Bank, N.A.
San Francisco, California

SUBORDINATE INDENTURE

TRUSTEE

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

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

FINANCIAL ADVISOR

Public Financial Management Inc.
San Francisco, California

IMPORTANT NOTICES

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2014 Series Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Authority, the State of California Department of Transportation (“Caltrans”) and other sources that are believed by the Authority to be reliable. The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

This Official Statement is not to be construed as a contract with the purchasers of the 2014 Series Bonds.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the respective dates hereof. The Official Statement is submitted with respect to the sale of the 2014 Series Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of the Official Statement and its distribution have been duly authorized and approved by the Authority.

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

In connection with the offering of the 2014 Series Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the 2014 Series Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2014 Series Bonds to dealers, institutional investors and others at prices lower than the public offering prices stated in the SUMMARY OF OFFERING and such public offering prices may be changed from time to time by the Underwriters.

2014 SERIES BONDS NOT REGISTERED

The 2014 Series Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such laws. The 2014 Series Bonds will not have been recommended by the Securities and Exchange Commission or any other federal or state securities commission or regulatory authority, and no such commission or regulatory authority will have reviewed or passed upon the accuracy or adequacy of this Official Statement. The registration or

qualification of the 2014 Series Bonds in accordance with the applicable provisions of securities laws of any jurisdiction in which the 2014 Series Bonds may have been registered or qualified and the exemption therefrom in other jurisdictions cannot be regarded as a recommendation thereof by any such jurisdiction. Any representation to the contrary may be a criminal offense.

**CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN THE OFFICIAL STATEMENT**

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

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

TABLE OF CONTENTS

	Page
INTRODUCTION AND PURPOSE OF THE 2014 SERIES BONDS.....	1
THE BAY AREA TOLL AUTHORITY	1
DESCRIPTION OF THE 2014 SERIES BONDS	2
DESCRIPTION OF THE 2014 VARIABLE RATE SENIOR BONDS	2
The 2014 Series D Bonds	2
The 2014 Series E Bonds.....	3
Mandatory Tender and Conversion	4
Redemption Terms of the 2014 Variable Rate Senior Bonds.....	5
Purchase In Lieu of Redemption.....	7
DESCRIPTION OF THE 2014 SUBORDINATE BONDS	7
General.....	7
Redemption Terms of the 2014 Subordinate Bonds	7
Purchase In Lieu of Redemption.....	8
GENERAL REDEMPTION PROVISIONS OF THE 2014 SERIES BONDS	8
Selection of 2014 Series Bonds for Redemption	8
Notice of Redemption.....	9
Conditional Notice of Redemption; Rescission	9
Effect of Redemption.....	9
2014 VARIABLE RATE SENIOR BONDS IN TERM RATE OR INDEX RATE MODE	9
Interest Rate Determination Methods	9
Insufficient Funds; Stepped Rate	15
Conversion of Interest Rate Determination Method.....	16
Mandatory Tender Provisions.....	17
Funding Mandatory Tenders of 2014 Variable Rate Senior Bonds.....	17
Mandatory Tender for Authority Purchase of 2014 Variable Rate Senior Bonds at Election of Authority	18
REMARKETING AGENTS.....	19
SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS	19
Statutory Lien on Bridge Toll Revenues.....	20
Pledge by the State.....	20
Certain Provisions of the Senior Indenture	20
Certain Provisions of the Subordinate Indenture	23
SUMMARY OF FINANCING PLAN	26
Proceeds of 2014 Series Bonds.....	26
Estimated Sources and Uses of Funds	27
Bond Reserve Funds	27
Outstanding Senior Bonds and Senior Obligations.....	27
Outstanding Subordinate Bonds	28
Anticipated Bond Issuances of the Authority	28
Investment Policies and Portfolio	29

TABLE OF CONTENTS
(continued)

	Page
RISK FACTORS	29
Risk of Faulty Forecast	29
Risk of Earthquake.....	29
Other Force Majeure Events	30
Threats and Acts of Terrorism	30
No Insurance Coverage.....	30
Economic Factors.....	31
Risk of Non-Payment of Direct Subsidy Payments	31
Credit Facilities Risk.....	32
Variable Rate Obligations Rate and Acceleration Risk	32
Swap Related Risks.....	33
Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue	33
Construction Delays and Cost Escalation	33
State Legislation	33
Voter Initiatives	34
ABSENCE OF MATERIAL LITIGATION.....	34
TAX MATTERS.....	35
LEGAL MATTERS.....	37
RATINGS	37
2014 Variable Rate Senior Bonds.....	37
Meaning of Ratings.....	37
UNDERWRITING	37
VERIFICATION REPORT	38
FINANCIAL ADVISOR	39
RELATIONSHIP OF CERTAIN PARTIES	39
CONTINUING DISCLOSURE.....	39
MISCELLANEOUS	40

TABLE OF CONTENTS
(continued)

	Page
APPENDIX A BAY AREA TOLL AUTHORITY	A-1
APPENDIX B REGIONAL MEASURE 2 PROJECTS	B-1
APPENDIX C DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE	C-1
APPENDIX D DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.....	D-1
APPENDIX E BOOK-ENTRY ONLY SYSTEM.....	E-1
APPENDIX F PROPOSED FORM OF OPINION OF BOND COUNSEL	F-1
APPENDIX G PROJECTED DEBT SERVICE SCHEDULE	G-1
APPENDIX H FORM OF CONTINUING DISCLOSURE AGREEMENT FOR 2014 VARIABLE RATE SENIOR BONDS	H-1
APPENDIX I FORM OF CONTINUING DISCLOSURE AGREEMENT FOR 2014 SUBORDINATE BONDS	I-1

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS

\$ _____
2014 Series D-1
(Term Rate)

\$ _____
2014 Series D-2
(Term Rate)

\$ _____
2014 Series E
(Index Rate)

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS

\$ _____
2014 Series S-5

\$ _____
2014 Series S-6

INTRODUCTION AND PURPOSE OF THE 2014 SERIES BONDS

This Official Statement provides information concerning the issuance and sale by the Bay Area Toll Authority (the "Authority") of \$_____ aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, comprised of \$_____ 2014 Series D-1 Bonds (the "2014 Series D-1 Bonds"), \$_____ 2014 Series D-2 Bonds (the "2014 Series D-2 Bonds") and \$_____ 2014 Series E Bonds (the "2014 Series E Bonds" and, together with the 2014 Series D-1 Bonds and the 2014 Series D-2 Bonds, the "2014 Variable Rate Senior Bonds"), and \$_____ aggregate principal amount of Bay Area Toll Authority San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, comprised of \$_____ 2014 Series S-5 Bonds (the "2014 Series S-5 Bonds") and \$_____ 2014 Series S-6 Bonds (the "2014 Series S-6 Bonds" and, together with the 2014 S-5 Bonds, the "2014 Subordinate Bonds"). The 2014 Variable Rate Senior Bonds and the 2014 Subordinate Bonds are collectively referred to herein as the "2014 Series Bonds." Investors must review the entire Official Statement to make an informed investment decision concerning the 2014 Series Bonds.

The Authority will apply the proceeds of the 2014 Series Bonds to (i) refund the Authority's outstanding 2009 Series F-1 Bonds, (ii) fund capital projects, (iii) make a cash deposit to the Reserve Fund to benefit the 2014 Subordinate Bonds and (iv) pay the costs of issuing the 2014 Series Bonds. See "SUMMARY OF FINANCING PLAN."

THE BAY AREA TOLL AUTHORITY

The Authority administers toll revenue collections and finances improvements for seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (the "Bridge System"). Principal of and interest and mandatory sinking fund payments on the 2014 Series Bonds are payable from Revenue, as summarized herein.

Further information about the Authority, its finances, its projects, the Bridge System and its other obligations appears in APPENDIX A – "BAY AREA TOLL AUTHORITY."

DESCRIPTION OF THE 2014 SERIES BONDS

Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, as amended from time to time, the “Act”) authorize the Authority to issue toll bridge revenue bonds, including the 2014 Series Bonds, to finance and refinance the construction, improvement and equipping of the Bridge System and other transportation projects authorized by the Act.

The Authority will issue the 2014 Variable Rate Senior Bonds pursuant to the Master Indenture, dated as of May 1, 2001, as supplemented by a Twenty-Third Supplemental Indenture, dated as of December 1, 2014 (the “Supplemental Senior Indenture” and, together with the Master Indenture, as previously supplemented, the “Senior Indenture”), between the Authority and MUFG Union Bank, N.A., as trustee (the “Senior Indenture Trustee”). The 2014 Variable Rate Senior Bonds and any other bonds issued under the Senior Indenture are sometimes referred to in this Official Statement as the “Senior Bonds.”

The Authority will issue the 2014 Subordinate Bonds pursuant to the Subordinate Indenture, dated as of June 1, 2010, as supplemented by a Fourth Supplemental Indenture, dated as of December 1, 2014 (the “Supplemental Subordinate Indenture” and, together with the Subordinate Indenture, as previously supplemented, the “Subordinate Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Subordinate Indenture Trustee”). The 2014 Subordinate Bonds and any other bonds issued under the Subordinate Indenture are sometimes referred to in this Official Statement as “Subordinate Bonds.”

The Authority will issue the 2014 Series Bonds in book-entry form only. The Authority will register the 2014 Series Bonds in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the 2014 Series Bonds. Investors may purchase 2014 Series Bonds in book-entry form only. Beneficial Owners of the 2014 Series Bonds will not receive certificates representing their ownership interests in the 2014 Series Bonds purchased. The Authority will make payments of principal of and interest on the 2014 Series Bonds to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the 2014 Series Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The 2014 Series Bonds are special obligations of the Authority and do not constitute an obligation of the State, the Metropolitan Transportation Commission or of any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any other political subdivision of the State or of any other entity, including the Authority.

DESCRIPTION OF THE 2014 VARIABLE RATE SENIOR BONDS

The 2014 Series D Bonds

Upon issuance, the 2014 Series D-1 Bonds and 2014 Series D-2 Bonds (collectively, the “2014 Series D Bonds”) will bear interest from their delivery date at the respective Term Rates and for the respective Term Rate Periods shown in the SUMMARY OF OFFERING and as described below under “2014 VARIABLE RATE SENIOR BONDS IN TERM RATE OR INDEX RATE MODE — Interest Rate Determination Methods.” Interest on the 2014 Series D Bonds while bearing interest at a Term Rate will be payable on April 1 and October 1 of each year during the Term Rate Period, and on the Interest Payment Date following the end of the Term Rate Period. The first Interest Payment Date for the 2014 Series D Bonds is April 1, 2015. Interest on the 2014 Series D Bonds bearing interest at a Term Rate will

be computed on the basis of a 360-day year comprised of twelve 30-day months. The record date for the 2014 Series D Bonds while bearing interest at the Term Rate will be the fifteenth day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date. The 2014 Series D Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Other Interest Payment Dates for each Series of 2014 Series D Bonds are (i) each Conversion Date for such Series, (ii) each mandatory tender date for such Series on which substitution of a Credit Support Instrument providing support for 2014 Series D Bonds bearing interest at the Daily Rate or the Weekly Rate occurs, and (iii) in all events the final maturity date or redemption date for such Series.

The 2014 Series E Bonds

Upon issuance, the 2014 Series E Bonds will bear interest from their delivery date at the Index Rate and for the Index Rate Period shown in the SUMMARY OF OFFERING and as described below. Interest on the 2014 Series E Bonds while bearing interest at the Index Rate will be payable on the first Business Day of each month during the Index Rate Period, and on the Interest Payment Date following the end of the Index Rate Period. The first Interest Payment Date for the 2014 Series E Bonds is January 2, 2015. Interest on the 2014 Series E Bonds bearing interest at the Index Rate will be computed on the basis of a 365/366-day year and actual days elapsed. The Record Date for the 2014 Series E Bonds while bearing interest at the Index Rate will be the Business Day next preceding each Interest Payment Date. The 2014 Series E Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Other Interest Payment Dates for the 2014 Series E Bonds are (i) each Conversion Date for such Series, (ii) each mandatory tender date for such Series on which substitution of a Credit Support Instrument providing support for the 2014 Series E Bonds bearing interest at the Daily Rate or the Weekly Rate occurs, and (iii) in all events the final maturity date or redemption date for such Series.

The interest rate for the 2014 Series E Bonds will be equal to the sum of (a) the SIFMA Swap Index (defined below) then in effect and (b) the Applicable Spread determined for the initial Index Rate Period by the Authority and thereafter by the remarketing agent to be appointed by the Authority prior to the applicable Conversion Date or Index Rate continuation date. The initial SIFMA Swap Index with respect to the 2014 Series E Bonds will be determined as of their date of issuance and will apply for the period from and including their date of issuance to and including the following Wednesday. Thereafter, until the end of the Index Rate Period, the SIFMA Swap Index with respect to the 2014 Series E Bonds will be determined each Wednesday, or if Wednesday is not a Business Day the next preceding Business Day. Until the end of the Index Rate Period, the Index Rate for the 2014 Series E Bonds will be calculated by the Senior Indenture Trustee, acting as index agent (the "Index Agent"), as described below under "—Interest Rate Determination Methods – Index Rate." In no event may the Index Rate exceed the Maximum Interest Rate of twelve percent (12%) per annum.

"SIFMA Swap Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Senior Indenture Trustee and effective from such date. If such index is not published or otherwise made available, the Index Rate Index to which the Applicable Spread will be applied shall be 67% of Three-Month LIBOR Rate or, if the Three-Month LIBOR Rate is not published or otherwise made available, 67% of the Treasury Rate (each as defined in Appendix C).

The SIFMA Swap Index is determined by third parties and the Authority is not responsible or accountable for its determination, the securities used in its determination or the procedures used in its determination. There are inherent risks involved in reliance on an index determined by third parties.

“Applicable Spread” will be the amount that, when added to or subtracted from the SIFMA Swap Index, will result in the minimum Index Rate that, in the judgment of the Authority with respect to the initial Index Rate Period and thereafter the remarketing agent under then-existing market conditions, will result in the sale of the 2014 Series E Bonds on their issue date, and thereafter the remarketing of such 2014 Series E Bonds on their Conversion Date or Purchase Date, at a price equal to 100% of the principal amount thereof.

Mandatory Tender and Conversion

Each Series of the 2014 Variable Rate Senior Bonds will be subject to mandatory tender and remarketing on the day following the end of the initial Term Rate Period or Index Rate Period that begins on the delivery date for such Series, as shown in the SUMMARY OF OFFERING. The Authority expects funds from the remarketing at that time to be applied to pay the purchase price of the 2014 Variable Rate Senior Bonds. The Authority is not obligated to provide any other funds for the purchase of the 2014 Variable Rate Senior Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the 2014 Variable Rate Senior Bonds upon such mandatory tender. If there are insufficient funds to purchase any Series of 2014 Variable Rate Senior Bonds at the end of any Term Rate Period or Index Rate Period, the owners will retain such 2014 Variable Rate Senior Bonds and such 2014 Variable Rate Senior Bonds will bear interest at the Stepped Rate. See “2014 VARIABLE RATE BONDS IN TERM RATE OR INDEX RATE MODE — Insufficient Funds; Stepped Rate.”

Upon satisfaction of conditions set forth in the Indenture, including mandatory tender and remarketing, each Series of the 2014 Variable Rate Senior Bonds may be changed at the election of the Authority to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), *provided however*, that all 2014 Variable Rate Senior Bonds of a Series must have the same Interest Rate Determination Method and (except for any Credit Provider Bonds and 2014 Variable Rate Senior Bonds bearing interest at a Commercial Paper Rate) all 2014 Variable Rate Senior Bonds of a Series must bear interest at the same interest rate.

This Official Statement is not intended to provide information about the 2014 Variable Rate Senior Bonds after conversion from the Term Rate or the Index Rate to another Interest Rate Determination Method.

This Official Statement generally describes the 2014 Variable Rate Senior Bonds while bearing interest at the Term Rate or Index Rate in their respective initial Term Rate or Index Rate Periods. This Official Statement is not intended to provide information about the 2014 Variable Rate Senior Bonds after Conversion from the Term Rate or Index Rate to another Interest Rate Determination Method, other than the Stepped Rate, or upon establishment of a new Term Rate or new Index Rate following the end of the respective initial Term Rate or Index Rate Periods. Prospective purchasers of the 2014 Variable Rate Senior Bonds bearing interest during an Interest Rate Period other than a Term Rate or Index Rate Period should not rely on this Official Statement. The summary of certain provisions of the 2014 Variable Rate Senior Bonds set forth in this Official Statement is only applicable to 2014 Bonds bearing interest at the Term Rate or Index Rate during the initial Term Rate or Index Rate Periods or at a Stepped Rate. If the Interest Rate Period for any Series of 2014 Variable Rate Senior Bonds is converted from a Term Rate or an Index Rate to any other Interest Rate Determination Method, other than the Stepped Rate, such Series

of 2014 Variable Rate Senior Bonds will be subject to mandatory tender for purchase. In that case it is expected that the Authority will prepare a new disclosure document to describe the new Interest Rate Determination Method with respect to any such Series of 2014 Variable Rate Senior Bonds.

Redemption Terms of the 2014 Variable Rate Senior Bonds

Optional Redemption. The 2014 Variable Rate Senior Bonds bearing interest at the Term Rate or the Index Rate during the respective initial Term Rate or Index Rate Periods are subject to redemption at the option of the Authority in whole or in part, in Authorized Denominations, on: (1) the day following the last day of any such Term Rate or Index Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium; and (2) during the respective initial Term Rate and Index Rate Periods, any day on or after October 1, 2019 with respect to the 2014 Series D-1 Bonds, any day on or after October 1, 2020 with respect to the 2014 Series D-2 Bonds, and any day on or after October 1, 2020 with respect to the 2014 Series E Bonds, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

Mandatory Redemption. The 2014 Series D-1 Bonds maturing on April 1, 20__ are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2014 Series D-1 Bonds

<i>Redemption Date</i> <i>(April 1)</i>	<i>Sinking Fund</i> <i>Installment</i>	<i>Redemption Date</i> <i>(April 1)</i>	<i>Sinking Fund</i> <i>Installment</i>
<hr/>		<hr/>	<hr/>

†

† Final Maturity

The 2014 Series D-2 Bonds maturing on April 1, 20__ are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2014 Series D-2 Bonds

<u><i>Redemption Date (April 1)</i></u>	<u><i>Sinking Fund Installment</i></u>	<u><i>Redemption Date (April 1)</i></u>	<u><i>Sinking Fund Installment</i></u>
---	--	---	--

†

† Final Maturity

The 2014 Series E Bonds maturing on April 1, 20__ are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2014 Series E Bonds

<u><i>Redemption Date (April 1)</i></u>	<u><i>Sinking Fund Installment</i></u>	<u><i>Redemption Date (April 1)</i></u>	<u><i>Sinking Fund Installment</i></u>
---	--	---	--

†

† Final Maturity

Purchase In Lieu of Redemption

In lieu of mandatory redemption, the Authority may surrender to the Senior Indenture Trustee for cancellation 2014 Variable Rate Senior Bonds purchased by it, and such 2014 Variable Rate Senior Bonds shall be cancelled by the Senior Indenture Trustee. Upon such cancellation, the Authority will designate the Sinking Fund Installments that are to be reduced in an aggregate amount equal to the principal amount of 2014 Variable Rate Senior Bonds of such maturity purchased and cancelled.

DESCRIPTION OF THE 2014 SUBORDINATE BONDS

General

The 2014 Subordinate Bonds will be dated their date of delivery, will mature on the dates and will bear interest on the basis of a 360-day year comprised of twelve 30-day months at the rates per annum shown in the SUMMARY OF OFFERING. Interest on the 2014 Subordinate Bonds will be payable on April 1 and October 1 of each year commencing on April 1, 2015 (each an “Interest Payment Date”) and at maturity or upon the prior redemption thereof. Each 2014 Subordinate Bond will bear interest payable to the registered owner thereof from the latest of: (i) its initial date of delivery, (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Subordinate Bond is after a record date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. The record date for 2014 Subordinate Bonds will be the fifteenth day (whether or not a Business Day) of the month preceding the Interest Payment Date. The 2014 Subordinate Bonds will be issued in fully registered form in the denominations of \$5,000 and any integral multiple thereof.

Redemption Terms of the 2014 Subordinate Bonds

Optional Redemption. The 2014 Series S-5 Bonds are subject to redemption prior to their stated maturity, at the option of the Authority, from any source of available funds, as a whole or in part on any date on and after April 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

The 2014 Series S-6 Bonds are subject to redemption prior to their stated maturity, at the option of the Authority, from any source of available funds, as a whole or in part on any date on and after April 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

Mandatory Sinking Fund Redemption. The 2014 Series S-5 Bonds maturing on April 1, 2054 are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2014 Series S-5 Bonds

Redemption Date
(April 1)

Sinking Fund
Installment

†

† Final Maturity

The 2014 Series S-6 Bonds maturing on April 1, 2054 are subject to mandatory redemption by the Authority on each date a Sinking Fund Installment is due, in the principal amount equal to such Sinking Fund Installment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2014 Series S-6 Bonds

Redemption Date
(April 1)

Sinking Fund
Installment

†

† Final Maturity

Purchase In Lieu of Redemption

In lieu of mandatory redemption, the Authority may surrender to the Subordinate Indenture Trustee for cancellation 2014 Subordinate Bonds purchased by it, and such 2014 Subordinate Bonds shall be cancelled by the Subordinate Indenture Trustee. Upon such cancellation, the Authority will designate the Sinking Fund Installments that are to be reduced in an aggregate amount equal to the principal amount of 2014 Subordinate Bonds of such maturity purchased and cancelled.

GENERAL REDEMPTION PROVISIONS OF THE 2014 SERIES BONDS

Selection of 2014 Series Bonds for Redemption

In the case of redemptions of 2014 Series Bonds at the option of the Authority, the Authority will designate which maturities of 2014 Series Bonds are to be redeemed. If less than all 2014 Series Bonds of a Series maturing on any one date are to be redeemed at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be redeemed. See APPENDIX E – BOOK-ENTRY ONLY SYSTEM.” For purposes of such selection, the 2014 Series Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event of an optional redemption of 2014 Series Term

Bonds, the Authority may designate the Sinking Fund Installments, or portions thereof, that are to be reduced as a result of such redemption.

Notice of Redemption

Each notice of redemption is to be mailed by the applicable Trustee not less than 30 nor more than 60 days prior to the redemption date to DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of 2014 Series Bonds will be governed by arrangements among them, and the Authority and the Trustees will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC or any Beneficial Owner to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

Conditional Notice of Redemption; Rescission

Any notice of optional redemption of the 2014 Series Bonds may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the Authority will not redeem such 2014 Series Bonds. The applicable Trustee will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

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

Any optional redemption of the 2014 Series Bonds and notice thereof will be rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund under the applicable Indenture or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, and interest and any premium due on, the 2014 Series Bonds called for redemption.

Effect of Redemption

Notice of redemption having been duly given pursuant to the applicable Indenture and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the 2014 Series Bonds (or portions thereof) so called for redemption being held by the applicable Trustee, on the redemption date designated in such notice the 2014 Series Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Thereafter, interest on such 2014 Series Bonds (or portions thereof) shall cease to accrue, and said 2014 Series Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture.

2014 VARIABLE RATE SENIOR BONDS IN TERM RATE OR INDEX RATE MODE

Interest Rate Determination Methods

General. From the delivery date until the end of the respective Term Rate or Index Rate Period shown in the SUMMARY OF OFFERING, each Series of 2014 Variable Rate Senior Bonds will bear interest at the Term Rate or Index Rate as shown. Following mandatory tender, the Authority has the right to change the Interest Rate Determination Method for all (but not less than all) of any Series of the

2014 Variable Rate Senior Bonds to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate). See “– Conversion of Interest Rate Determination Method” below.

Prior to the end of each of the respective initial Term Rate or Index Rate Periods, the Authority will appoint one or more remarketing agents for the respective Series of the 2014 Variable Rate Senior Bonds, each of which is referred to herein as “Remarketing Agent” and collectively as “Remarketing Agents,” and an Index Agent, which initially will be the Senior Indenture Trustee. See “REMARKETING AGENTS” below.

While in the Term Rate or Index Rate Mode, the 2014 Variable Rate Bonds are not subject to tender for purchase and remarketing at the option of the Owner or Beneficial Owners of such 2014 Variable Rate Senior Bonds. The 2014 Variable Rate Senior Bonds are subject to mandatory tender for purchase as described below under “—Mandatory Tender Provisions.” There will be no Credit Support Instrument for any of the 2014 Variable Rate Senior Bonds while in a Term Rate Period or Index Rate Period.

2014 Series D Bonds Term Rate. So long as a Series of the 2014 Series D Bonds is in its initial Term Rate Period and until Conversion to another Interest Rate Determination Method or the establishment of a new Term Rate Period and a new Term Rate, such Series of the 2014 Series D Bonds will bear interest at the initial Term Rate for such Series shown in the SUMMARY OF OFFERING. The day following the last day of the initial Term Rate Period for each Series of the 2014 Series D Bonds is shown in the SUMMARY OF OFFERING.

The Authority has selected the duration of each Term Rate Period for each Series of 2014 Series D Bonds issued in the Term Rate Mode. Each initial Term Rate Period for such Series of the 2014 Series D Bonds commences on the Delivery Date and ends on the day prior to the Purchase Date for such Series of 2014 Series D Bonds shown in the SUMMARY OF OFFERING. Any subsequent Term Rate Period for a Series of 2014 Series D Bonds commences on the Term Rate Conversion Date and ends on a day that precedes a Business Day selected by the Authority that is a minimum of 180 days after the Term Rate Conversion Date, but in no event later than the maturity date of such Series of 2014 Series D Bonds. Upon such selection, such Business Day will be an Interest Payment Date for such Series of 2014 Series D Bonds.

The duration of the Term Rate Period and the Stepped Rate (defined below) to be applicable to such 2014 Series D Bonds should insufficient funds be available for their purchase at the end of such Term Rate Period, shall for the initial Term Rate Period be as specified in the Indenture and shall for any subsequent Term Rate Period be as specified in the Pricing Notice given with respect to the Conversion of any Series of 2014 Series D Bonds to any new Term Rate and Term Rate Period for such Series of 2014 Series D Bonds then bearing interest at a Term Rate. See “Term Rate Continuation” and “Insufficient Funds; Stepped Rate” below.

Term Rate Continuation. On any date a Series of 2014 Variable Rate Senior Bonds is subject to optional redemption or as of the day following the last day of a Term Rate Period for any Series of 2014 Variable Rate Senior Bonds, unless the Authority has given a Conversion Notice with respect to the Conversion of such Series of 2014 Variable Rate Senior Bonds to another Interest Rate Determination Method, the Authority may establish a new Term Rate Period and Term Rate for such Series of 2014 Variable Rate Senior Bonds with such right to be exercised by delivery of a written notice (a “Term Rate Continuation Notice”) to the Senior Indenture Trustee, the Remarketing Agent and the Credit Provider (if any) for such Series of 2014 Variable Rate Senior Bonds no less than 31 days prior to the effective date of

the new Term Rate Period. **There is no Credit Provider for any of the 2014 Variable Rate Senior Bonds during their respective initial Term Rate Period.**

The Authority must also deliver a Pricing Notice to the Trustee no later than two Business Days prior to the effective date of the new Term Rate Period, which must specify: (1) the duration of the Term Rate Period, (2) the optional redemption provisions applicable to such Series of 2014 Variable Rate Senior Bonds during such Term Rate Period, if any, and (3) the Stepped Rate to be applicable to such Series of 2014 Variable Rate Senior Bonds bearing interest at the Term Rate upon any failure to remarket such Bonds at the end of such Term Rate Period. See “Insufficient Funds; Stepped Rate” below.

Upon receipt of a Term Rate Continuation Notice from the Authority, and in any event not less than 30 days prior to the first day of the proposed Term Rate Period, the Senior Indenture Trustee will give notice by first-class mail to the Owners of the affected Series of 2014 Variable Rate Senior Bonds which notice will state in substance:

- that a new Term Rate Period and Term Rate is to be established for such Series of 2014 Variable Rate Senior Bonds on the applicable Term Rate Conversion Date if the conditions specified in the Indenture (and generally described in such notice) are satisfied on or before such date;
- the first day of the new Term Rate Period;
- that a new Term Rate Period and Term Rate for such Series of 2014 Variable Rate Senior Bonds will not be established unless an Opinion of Bond Counsel is delivered to the Trustee on (and as of) the first day of the new Term Rate Period and all such Series of 2014 Variable Rate Senior Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof;
- the CUSIP numbers or other identification information of such Series of 2014 Variable Rate Senior Bonds;
- that all affected 2014 Variable Rate Senior Bonds are subject to mandatory tender for purchase on the first day of the new Term Rate Period (whether or not the proposed new Term Rate Period becomes effective on such date, unless the affected 2014 Variable Rate Senior Bonds are not supported by a related Liquidity Instrument, then the affected 2014 Variable Rate Senior Bonds will be purchased only upon a successful remarketing at the new Term Rate) at the purchase price of 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the first day of the new Term Rate Period (the “Purchase Price”); and
- that, to the extent that there shall be on deposit with the Senior Indenture Trustee on the first day of the new Term Rate Period an amount of money sufficient to pay the Purchase Price thereof, all such affected 2014 Variable Rate Senior Bonds not delivered to the Trustee on or prior to such date will be deemed to have been properly tendered for purchase and will cease to constitute or represent a right on behalf of the Owner thereof to the payment of principal thereof or interest thereon and will represent and constitute only the right to payment of the Purchase Price on deposit with the Senior Indenture Trustee, without interest accruing thereon after such date.

Limitations on the Establishment of New Term Rates and New Term Rate Periods. Any establishment of a new Term Rate and Term Rate Period for any Series of the 2014 Variable Rate Senior Bonds must comply with the following:

- the first day of such new Term Rate Period must be a date on which the 2014 Variable Rate Senior Bonds are subject to optional redemption or a date on which such Series of 2014 Variable Rate Senior Bonds are subject to mandatory tender pursuant to the applicable provisions of the Senior Indenture;
- the first day of such new Term Rate Period must be a Business Day; and
- no new Term Rate shall become effective unless an Opinion of Bond Counsel is delivered on (and as of) the first day of the new Term Rate Period and all such Outstanding 2014 Variable Rate Senior Bonds of such Series are successfully remarketed in the new Term Rate Period at the new Term Rate on the first day of the new Term Rate Period.

End of Term Rate. In the event the Authority has not given a Term Rate Continuation Notice or a Conversion Notice with respect to a Series of 2014 Variable Rate Senior Bonds bearing interest at a Term Rate at the time required, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate or the conditions to Conversion to another Interest Rate Determination Method are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate or failing to remarket all such 2014 Variable Rate Senior Bonds at the new Term Rate, then on the day following the last day of the current Term Rate Period, a Weekly Rate Period shall automatically commence for such Series of 2014 Variable Rate Senior Bonds; provided that unless a Credit Support Instrument is in effect with respect to any such 2014 Variable Rate Senior Bonds, such 2014 Variable Rate Senior Bonds shall not be subject to optional tender by the Owners thereof and shall bear interest at the Stepped Rate. See “Insufficient Funds; Stepped Rate” below.

There is no Credit Support Instrument for any of the 2014 Variable Rate Senior Bonds during the initial Term Rate Period. Any failure to remarket any Series of 2014 Variable Rate Senior Bonds at a new Term Rate or to convert any Series of 2014 Variable Rate Senior Bonds to another Rate Period does not constitute an event of default under the Indenture. See “Insufficient Funds; Stepped Rate” below.

2014 Series E Bonds Index Rate. Until such time as the 2014 Series E Bonds are successfully converted to another Interest Rate Determination Method, all 2014 Series E Bonds will bear interest at the Index Rate determined by the Index Agent or, following the end of the Index Rate Period upon a failure to remarket the 2014 Series E Bonds, at the Stepped Rate (as defined below). The initial Index Rate with respect to the 2014 Series E Bonds shall apply for the period from and including their Issue Date to and including the following Wednesday. Thereafter, until the end of the Index Rate Period, the Index Rate with respect to the 2014 Series E Bonds will apply to the period from and including Thursday through and including the following Wednesday.

Pursuant to the Indenture the Authority specified with respect to the initial Index Rate Period for the 2014 Series E Bonds that (i) the Index Rate Index will be the SIFMA Swap Index, (ii) the Interest Payment Dates will be the first Business Day of each month, (iii) the Index Rate will be determined on the Issue Date and Wednesday of each week thereafter during the initial Index Rate Period, or if such day is not a Business Day, then on the next preceding Business Day and (iv) the Index Rate will be determined by adding the Applicable Spread to the SIFMA Swap Index.

“Index Rate Determination Date” means the Issue Date and each Wednesday thereafter during the initial Index Rate Period, or if such day is not a Business Day, then the next preceding Business Day,

such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Index Agent; and if the SIFMA Swap Index is published on a different day, such day will be the Index Rate Determination Date.

Pursuant to the Indenture with respect to the subsequent Index Rate Periods, the duration of the Index Rate Period, the Stepped Rate (as defined below) to be applicable to such 2014 Series E Bonds should insufficient funds be available for their purchase at the end of such Index Rate Period, the next Purchase Date, the Index Rate Index, the frequency with which the Index Rate will be recalculated, the Interest Payment Dates applicable to the 2014 Series E Bonds and any alternative Index Rate Determination Dates shall be as specified in the Pricing Notice given with respect to the Conversion of such 2014 Series E Bonds to the Index Rate or with respect to any new Index Rate Period for such 2014 Series E Bonds then bearing interest at an Index Rate. See “Index Rate Continuation” and “Insufficient Funds; Stepped Rate” below.

Determination of Applicable Spread. The Index Rate will be based on the Index Rate Index, which must be designated by the Authority not less than five Business Days prior to the Conversion Date or Purchase Date. The Index Rate Index for the initial Index Rate Period for the 2014 Series E Bonds is the SIFMA Swap Index. The Remarketing Agent will determine the Applicable Spread to be used in calculating the Index Rate for such Series on or before the Conversion Date or Purchase Date. The Applicable Spread for the initial Index Rate Period for the 2014 Series E Bonds is ____%.

The day following the last day of the Index Rate Period is an Interest Payment Date and a date the Authority may designate as a Conversion Date to another Interest Rate Determination Method. See “—Conversion of Interest Rate Determination Method” below.

Calculation of Index Rate. The Index Rate for the 2014 Series E Bonds will be determined on each Index Rate Determination Date by the Index Agent. The Index Rate will be recalculated weekly and will be equal to (A) the SIFMA Swap Index on the Index Rate Determination Date, plus (B) the Applicable Spread that was determined by the Remarketing Agent as described above, and such Index Rate will be rounded to the nearest one hundred thousandth of one percent (0.00001%). The Index Agent will furnish the Index Rate to the Senior Indenture Trustee (if the Senior Indenture Trustee is not also the Index Agent) and the Authority by Electronic means on each Index Rate Determination Date. Upon the request of an Owner, the Senior Indenture Trustee shall confirm by Electronic means the Index Rate then in effect. Alternatively, the Senior Indenture Trustee may make such information available by readily accessible Electronic means.

The Index Rate shall never exceed 12% per annum. The determinations of the initial Index Rate and all subsequent Index Rates shall be conclusive and binding upon the Authority, the Senior Indenture Trustee, the Remarketing Agents, the Index Agent and the Owners.

Index Rate Continuation. On any date a Series of 2014 Variable Rate Senior Bonds in an Index Rate Period are subject to optional redemption, or as of the Purchase Date of any Series of 2014 Variable Rate Senior Bonds in an Index Rate Period, unless the Authority has given a Conversion Notice with respect to the Conversion of such Series of 2014 Variable Rate Senior Bonds to another Interest Rate Determination Method, the Authority may establish a new Index Rate Period for such Series of 2014 Variable Rate Senior Bonds by delivery of a written notice (an “Index Rate Continuation Notice”) to the Senior Indenture Trustee, the Index Agent (if the Senior Indenture Trustee is not the Index Agent), and the Remarketing Agent for such Series of 2014 Variable Rate Senior Bonds no less than 35 days prior to the effective date of the new Index Rate Period.

The Conversion Notice and the Index Rate Continuation Notice must contain: (1) the proposed Conversion Date; (2) the new Interest Rate Determination Method to take effect; (3) whether any Credit Support Instrument then in effect will remain in effect and, if applicable, the terms upon which the Owners of such Series of 2014 Variable Rate Senior Bonds shall have the option to tender such 2014 Variable Rate Senior Bonds for purchase during the new Interest Rate Determination Method; (4) if a new Credit Support Instrument will be in effect for such Series of 2014 Variable Rate Senior Bonds after the proposed Conversion Date, the form and terms of such Credit Support Instrument for such Series of 2014 Variable Rate Senior Bonds; and (5) if the Conversion is to the Fixed Rate, the redemption dates and redemption prices applicable to such Fixed Rate Period.

The Authority will also deliver a Pricing Notice to the Senior Indenture Trustee no later than five Business Days prior to the effective date of the new Index Rate Period. The Pricing Notice delivered in connection with a Conversion to or continuation of an Index Rate must specify: (1) the duration of the Index Rate Period, (2) the optional redemption provisions applicable to such Series of 2014 Variable Rate Senior Bonds during such Index Rate Period, if any, (3) the Stepped Rate (as defined below) to be applicable to such Series of 2014 Variable Rate Senior Bonds should insufficient funds be available to purchase such bonds at the end of such Index Rate Period, (4) the proposed next Purchase Date, if any, (5) the Index Rate Index, (6) the frequency with which the Index Rate shall be recalculated, (7) the proposed Interest Payment Dates applicable to such Series of 2014 Variable Rate Senior Bonds while bearing interest in an Index Rate Period, and (8) alternative Index Rate Determination Dates, if any.

The first day of such new Index Rate Period shall be a Purchase Date on which such Series of 2014 Variable Rate Senior Bonds are subject to optional redemption or to mandatory tender pursuant to the applicable provisions of the Indenture. Each such 2014 Variable Rate Senior Bond will be subject to mandatory tender on the first day of such new Index Rate Period for purchase at its Purchase Price. No new Index Rate Period shall become effective unless an Opinion of Bond Counsel is delivered on (and as of) the first day of the new Index Rate Period and unless all such Outstanding 2014 Variable Rate Senior Bonds of such Series are successfully remarketed in the new Index Rate Period at the new Index Rate on the first day of the new Index Rate Period.

Notice to Owners. Not less than 30 days prior to the first day of the proposed new Index Rate Period, the Senior Indenture Trustee must give notice by first-class mail to the Owners of the affected 2014 Variable Rate Senior Bonds, the Index Agent (if the Trustee is not the Index Agent) and the Remarketing Agent, which notice will (1) state in substance that a new Index Rate Period is to be established for such Series of 2014 Variable Rate Senior Bonds on the applicable Index Rate Conversion Date if the conditions specified in the Senior Indenture (and generally described in such notice) are satisfied on or before such date, (2) state that a new Index Rate Period shall not be established unless an Opinion of Bond Counsel is delivered to the Trustee on (and as of) the first day of the new Index Rate Period and all such 2014 Variable Rate Senior Bonds of such Series are successfully remarketed in the new Index Rate Period and at the new Index Rate on the first day thereof.

End of Index Rate. In the event the Authority has not given an Index Rate Continuation Notice or a Conversion Notice with respect to a Series of 2014 Variable Rate Senior Bonds bearing interest at an Index Rate at the time required, or if the conditions to the effectiveness of a new Index Rate Period and new Index Rate or the conditions to Conversion to another Interest Rate Determination Method are not satisfied, then on the day following the last day of the current Index Rate Period, a Weekly Rate Period shall automatically commence for such Series of 2014 Variable Rate Senior Bonds, provided that, unless a Credit Support Instrument is in effect with respect to such Series of 2014 Variable Rate Senior Bonds, such Series of 2014 Variable Rate Senior Bonds shall not be subject to optional tender and such Series of 2014 Variable Rate Senior Bonds shall bear interest at a rate of interest equal to the Stepped Rate (defined below) until they are successfully remarketed.

The 2014 Series E Bonds will not have a Credit Support Instrument during the Index Rate Period. Any failure to remarket all such 2014 Series E Bonds at a new Index Rate or to convert any such 2014 Series E Bonds to another Interest Rate Period does not constitute an Event of Default under the Indenture. See “Insufficient Funds; Stepped Rate” below.

Insufficient Funds; Stepped Rate

For any Series of 2014 Variable Rate Senior Bonds bearing interest in a Term Rate Period or an Index Rate Period and not supported by a Credit Support Instrument, if sufficient funds are not available for the purchase of all 2014 Variable Rate Senior Bonds of such Series tendered or deemed tendered and required to be purchased on the Purchase Date following the end of the Term Rate Period or the Index Rate Period, all 2014 Variable Rate Senior Bonds of such Series shall automatically convert to a Weekly Rate Period and bear interest at a rate of interest equal to the Stepped Rate (defined below) from such Failed Tender Date (as defined below) until all such 2014 Variable Rate Senior Bonds are purchased, such rate to be determined in accordance with the Supplemental Indenture, and all tendered 2014 Variable Rate Senior Bonds of such Series shall be returned to their respective Owners. Notwithstanding anything to the contrary in the Senior Indenture, such 2014 Variable Rate Senior Bonds bearing interest in a Weekly Rate Period at the Stepped Rate shall not be subject to optional tender by the Owners thereof. Interest on a Series of 2014 Variable Rate Senior Bonds while in the Weekly Rate Period bearing interest at the Stepped Rate will be payable on the first Business Day of each month following the Failed Tender Date and the Record Date for such payment of interest will be the Business Day next preceding such interest payment date. No Opinion of Bond Counsel is required in connection with this automatic adjustment to a Weekly Rate Period. Such failed purchase and return will not constitute an Event of Default. In addition, the Remarketing Agent shall remain obligated to remarket such Series of 2014 Variable Rate Senior Bonds and such Series of 2014 Variable Rate Senior Bonds bearing interest at a Stepped Rate shall remain subject to optional and mandatory redemption, mandatory tender for purchase, and Conversion as provided in the Senior Indenture. **None of the 2014 Variable Rate Senior Bonds will be supported by a Credit Support Instrument while in the respective initial Term Rate Periods or Index Rate Period.**

From the Failed Tender Date until all of the affected Series of 2014 Variable Rate Senior Bonds are purchased as required under the Indenture, such Series of 2014 Variable Rate Senior Bonds shall, during each Weekly Rate Period (or portion thereof), bear interest at the applicable Stepped Rate calculated by the Senior Indenture Trustee. The Stepped Rate applicable to any Series of 2014 Variable Rate Senior Bonds will be determined by the Senior Indenture Trustee based upon the Stepped Rate Index determined each Stepped Rate Determination Date, which is defined to mean, the applicable Failed Tender Date and each Wednesday thereafter, or if any such Wednesday is not a Business Day then the next preceding Business Day, such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Index Agent, and if the SIFMA Swap Index is published on a different day, such day will be the Stepped Rate Determination Date. The Stepped Rate Index so calculated will apply to the Calendar Week from and including the immediately succeeding Thursday to and including the following Wednesday or for the initial period from the Failed Tender Date to and including the Wednesday following the Failed Tender Date, unless the Failed Tender Date is a Wednesday in which event such rate will be based on the SIFMA Swap Index determined on the prior Wednesday and will only apply to the Failed Tender Date.

The Senior Indenture Trustee will furnish the Stepped Rate to the Authority by Electronic means on each Stepped Rate Determination Date and each other date the Stepped Rate changes.

“Stepped Rate” means the rate or rates of interest applicable with respect to any Series of 2014 Variable Rate Senior Bonds should insufficient funds be available to purchase such 2014 Variable Senior

Rate Bonds in connection with a mandatory tender at the end of a Term Rate Period or Index Rate Period during which such Series of 2014 Variable Rate Senior Bonds is not supported by a Credit Support Instrument, as specified by the Authority in the Pricing Notice delivered in connection with the Conversion of such Series of Bonds to a Term Rate or Index Rate Period or with the continuation of a Term Rate or Index Rate Period with respect to such Series of 2014 Variable Rate Senior Bonds pursuant to the terms of the Senior Indenture. If no Stepped Rate was specified in the Pricing Notice relating to the expiring Term Rate or Index Rate Period for such Series of 2014 Variable Rate Senior Bonds, and with respect to the initial Term Rate or Index Rate Period for each Series of 2014 Variable Rate Senior Bonds upon initial issuance, the Stepped Rate will be (a) for the period from and including the Failed Tender Date to but excluding the ninetieth (90th) day thereafter, a per annum interest rate equal to the Stepped Rate Index plus 2.50%; (b) for the period from and including the ninetieth (90th) day after the Failed Tender Date to but excluding the one hundred eightieth (180th) day after the Failed Tender Date, a per annum interest rate equal to the greater of (i) the Stepped Rate Index plus 5.00% or (ii) 7.50%; and (c) thereafter, the Maximum Interest Rate; provided that the Stepped Rate shall never be less than the rate of interest applicable to such Series of 2014 Variable Rate Senior Bonds on the Business Day prior to the Failed Tender Date. Notwithstanding anything to the contrary in this definition or the Senior Indenture, the Stepped Rate shall never exceed twelve percent (12%) per annum.

“Stepped Rate Index” means an index specified by the Authority in the Pricing Notice delivered in connection with the Conversion of a Series of 2014 Variable Rate Senior Bonds to a Term Rate or Index Rate Period or with the continuation of a Term Rate or Index Rate Period with respect to such Series of 2014 Variable Rate Senior Bonds pursuant to the terms of the Senior Indenture. Pursuant to the Senior Indenture with respect to the 2014 Variable Rate Senior Bonds upon initial issuance for the initial Term Rate Periods or Index Rate Period, and if no Stepped Rate Index is specified in the Pricing Notice relating to the expiration of any subsequent Term Rate Periods or Index rate Period for such Series of 2014 Variable Rate Senior Bonds, the Stepped Rate Index shall be the SIFMA Swap Index.

“Failed Tender Date” means, for any Series of 2014 Variable Rate Senior Bonds bearing interest at a Term Rate or Index Rate, the date on which insufficient funds are available for the purchase of all 2014 Variable Rate Senior Bonds of such Series tendered or deemed tendered and required to be purchased at the end of the Term Rate or Index Rate Period as described in the Senior Indenture.

Conversion of Interest Rate Determination Method

Right of Conversion. The Interest Rate Determination Method for each Series of the 2014 Variable Rate Senior Bonds is subject to conversion, at the option of the Authority, from one Interest Rate Determination Method to another on any date on which such Series of 2014 Variable Rate Senior Bonds is subject to optional redemption and on the date following the end of the Term Rate or Index Rate Periods, with such right to be exercised by delivery of a Conversion Notice to the Senior Indenture Trustee and the Remarketing Agent for such Series. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Senior Indenture Trustee is to give notice by first-class mail to the Owners of the affected Series of the 2014 Variable Rate Senior Bonds in accordance with the Senior Indenture. The Senior Indenture provides that such notice may be rescinded on or prior to the effective date of the Conversion. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE INDENTURE – Conversion of Interest Rate Determination Method.”

Failure to Convert. The Indenture provides that at the end of a Term Rate or Index Rate Period upon a failed conversion of any Series of the 2014 Variable Rate Senior Bonds from a Term Rate or Index Rate to another Interest Rate Determination Method or to a new Term Rate or Index Rate Period,

such Series of 2014 Variable Rate Senior Bonds will bear interest at the Stepped Rate described above. Unsuccessful conversions attempted prior to the end of a Term Rate or Index Rate Period do not result in a change in rate and the Owners of the 2014 Variable Rate Senior Bonds will continue to hold such Bonds at the Term Rate or Index Rate until the end of a Term Rate or Index Rate Period. However, after the end of the applicable Term Rate or Index Rate Period, any Series of 2014 Variable Rate Senior Bonds not remarketed will bear interest at the Stepped Rate.

In addition, the Remarketing Agent shall remain obligated to remarket such Series of 2014 Variable Rate Senior Bonds and such Series of 2014 Variable Rate Senior Bonds shall remain subject to optional and mandatory redemption, mandatory tender for purchase, and Conversion as provided in the Senior Indenture.

Mandatory Tender Provisions

The 2014 Variable Rate Senior Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price on the proposed Conversion Date (if the proposed Conversion does not occur, the 2014 Variable Rate Senior Bonds subject to mandatory purchase will not be purchased) to a new Interest Rate Determination Method specified in a Conversion Notice as described above under “Conversion of Interest Rate Determination Method.”

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of 2014 Variable Rate Senior Bonds will be governed by arrangements among them, and the Authority and the Senior Indenture Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of 2014 Variable Rate Senior Bonds.

Funding Mandatory Tenders of 2014 Variable Rate Senior Bonds

The Authority expects funds to be made available to purchase 2014 Variable Rate Senior Bonds tendered for purchase pursuant to the mandatory tender provisions described above by having the Remarketing Agents remarket the tendered 2014 Variable Rate Senior Bonds and having the proceeds applied to purchase the tendered 2014 Variable Rate Senior Bonds. See “REMARKETING AGENTS.”

The Authority is not obligated to provide any other funds for the purchase of the 2014 Variable Rate Senior Bonds following the end of the respective initial Term Rate or Index Rate Periods other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the 2014 Variable Rate Senior Bonds upon mandatory tender. The Senior Indenture provides that if sufficient funds are not available for the purchase of any Series of 2014 Variable Rate Senior Bonds tendered for purchase following the end of the respective initial Term Rate or Index Rate Periods pursuant to the mandatory tender provisions described above, such Series of 2014 Variable Rate Senior Bonds shall bear interest at the Stepped Rate following the end of the Term Rate or Index Rate Period. See “Insufficient Funds; Stepped Rate” above.

If such remarketing of the 2014 Variable Rate Senior Bonds is not successful, other potential sources of payment, which the Authority, in its sole discretion, may apply to the payment of the Purchase Price of any Series of the 2014 Variable Rate Senior Bonds include bridge toll revenues and unencumbered funds of the Authority. Principal of and accrued and unpaid interest on the 2014 Variable Rate Senior Bonds are payable from Revenue on a parity with the Authority’s other Outstanding Senior Bonds issued under the Senior Indenture and any Additional Senior Bonds and Senior Parity Obligations that may hereafter be issued by the Authority in accordance with the Senior Indenture. See APPENDIX

C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Additional Senior Bonds; Subordinate Obligations.”

Mandatory Tender for Authority Purchase of 2014 Variable Rate Senior Bonds at Election of Authority

The 2014 Variable Rate Senior Bonds are also subject to mandatory tender for purchase by the Authority, in whole or in part (in Authorized Denominations), on any date such 2014 Variable Rate Senior Bonds would be subject to optional redemption (each, an “Optional Purchase Date”) at a purchase price, with respect to the 2014 Variable Rate Senior Bonds, equal to the principal amount of such 2014 Variable Rate Senior Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (in each case, the “Optional Purchase Price”). See “DESCRIPTION OF THE 2014 VARIABLE RATE SENIOR BONDS – Redemption Terms of the 2014 Variable Rate Senior Bonds – *Optional Redemption*.” In the event that the Authority determines to purchase any 2014 Variable Rate Senior Bonds on any Optional Purchase Date, the Authority will provide the Senior Indenture Trustee with written notice of such determination at least 35 days prior to the Optional Purchase Date, which notice will specify the principal amount of the 2014 Variable Rate Senior Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee receives notice from the Authority of its determination to purchase 2014 Variable Rate Senior Bonds pursuant the provisions described above, the Senior Indenture Trustee will give notice to the Owners of the 2014 Variable Rate Senior Bonds and the applicable Remarketing Agent, in the name of the Authority, of the mandatory tender for purchase such 2014 Variable Rate Senior Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than 60 nor less than 30 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the 2014 Variable Rate Senior Bonds and failure to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of such 2014 Variable Rate Senior Bonds pursuant to the provisions of the Indenture described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of 2014 Variable Rate Senior Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of 2014 Variable Rate Senior Bonds.

If less than all of the 2014 Variable Rate Senior Bonds of a Series are to be called for mandatory tender at the election of the Authority, the Authority will select the principal amount and maturity of such 2014 Variable Rate Senior Bonds of such Series to be purchased at its sole discretion. If less than all of the 2014 Variable Rate Senior Bonds of a Series maturing by their terms on any one date are to be tendered at any one time, DTC’s practice is to determine by lot the amount of the interest of each DTC Direct Participant in the 2014 Variable Rate Senior Bonds to be tendered. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.” For purposes of such selection, the 2014 Variable Rate Senior Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered. If at the time the Senior Indenture Trustee sends any notice of mandatory tender for purchase of any 2014 Variable Rate Senior Bonds as described in the preceding paragraph, the Authority has not deposited with the Senior Indenture Trustee an amount sufficient to pay the full Optional Purchase Price of such 2014 Variable Rate Senior Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Senior Indenture Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such 2014 Variable Rate Senior Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall

be of no force and effect and the Authority shall not be required to purchase such 2014 Variable Rate Senior Bonds.

If all outstanding 2014 Variable Rate Senior Bonds of any Series are purchased by the Authority (i) the date of such purchase will be deemed to be the Purchase Date for such Series, and (ii) the Term Rate or Index Rate will be deemed to have expired on the day immediately preceding such Purchase Date. Upon the Authority's successful purchase, such Series of 2014 Variable Rate Senior Bonds will be subject to Conversion and remarketing without notice of Conversion being provided by the Authority.

REMARKETING AGENTS

Prior to the Purchase Date immediately following the end of the initial Term Rate or Index Rate Period for a Series of 2014 Variable Rate Senior Bonds, the Authority will appoint a Remarketing Agent and enter a Remarketing Agreement for the respective Series of the 2014 Variable Rate Senior Bonds. The remarketing agent will undertake, among other things, to use its best efforts to remarket 2014 Variable Rate Senior Bonds that are tendered for purchase. The Remarketing Agents are expected to receive a fee for their remarketing services.

SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS

As of November __, 2014, the Authority had Senior Bonds outstanding in the aggregate principal amount of \$_____ comprised of \$_____ aggregate principal amount of fixed rate bonds and \$_____ aggregate principal amount of Variable Rate Bonds. Of the Variable Rate Bonds \$_____ are variable rate demand bonds bearing interest at a Weekly Rate, \$_____ are Variable Rate Bonds bearing interest at Index Rates tied to the SIFMA Swap Index, \$_____ are Variable Rate Bonds bearing interest at an Index Rate tied to 67% of 3-month LIBOR, and \$_____ are Variable Rate Bonds bearing interest at Term Rates. See APPENDIX A – “BAY AREA TOLL AUTHORITY – OUTSTANDING OBLIGATIONS.”

Additional toll bridge revenue bonds may be issued in the future as either Senior Obligations or Subordinate Obligations (subject to the requirements of and limitations in the Senior Indenture or the Subordinate Indenture, described below).

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

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

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

Statutory Lien on Bridge Toll Revenues

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

Pledge by the State

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

Certain Provisions of the Senior Indenture

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

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

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

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

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

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

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

The Authority’s calculations as of the FYE 2014 show that the resulting ratios did not require the Authority to increase tolls. See Schedule [12] at page [109] in the Other Supplementary Information Section of the MTC 2014 CAFR.

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

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

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

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

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

The balance in the Reserve Fund is required by the Senior Indenture to equal or exceed the “Reserve Requirement” (defined in the Senior Indenture as an amount equal to the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds). The Reserve Requirement is approximately \$[317,326,000], and cash and investments aggregating at least that amount are held in the Reserve Fund. See APPENDIX B — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE — DEFINITIONS.”

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

Build America Bonds Federal Interest Subsidy Payments. The Authority has issued Senior Bonds and Subordinate Bonds as taxable Build America Bonds under, and as defined in, the federal American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. Such payments to the Authority on account of Senior Bonds constitute Revenue under the Senior Indenture. These payments have been reduced as a result of the congressionally-mandated sequestration process, and may continue to be reduced if federal spending reductions continue as a result of the sequestration. See “RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments.” Pursuant to the Indenture, the Authority treats such subsidy payments as an offset against interest paid on the Build America Bonds for purposes of the rate covenants and additional bonds tests described above under “Toll Rate Covenants” and “Additional Bonds Test,” and such Subsidy Payments are excluded from Net Revenue for purposes of such covenants and tests.

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

Certain Provisions of the Subordinate Indenture

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

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

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

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

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

notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

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

The Authority also has covenanted in the Subordinate Indenture to compute the debt service coverage ratio specified in the Subordinate Indenture on an annual basis within ten Business Days after the beginning of each Fiscal Year and to take such action as promptly as practicable thereafter (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected debt service coverage ratio for that Fiscal Year to equal or exceed 1.20:1. See APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – THE SUBORDINATE INDENTURE – Covenants of the Authority – Revenue Covenants,” and Schedule [12] at page [109] in the Other Supplementary Information Section of the MTC 2014 CAFR.

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

- (a) the Subordinate Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Subordinate Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Subordinate Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Subordinate Obligations or Senior Obligations; (3) interest on all Subordinate Obligations or Senior Obligations to be refunded to the date such Subordinate Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Obligations from the date thereof to the date of payment or redemption of the Subordinate Obligations or Senior Obligations to be refunded; or
- (b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service (defined in the Subordinate Indenture to include debt service on all Senior Obligations and Subordinate Obligations), calculated as of the date of sale of, and including such Subordinate Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of three consecutive Fiscal Years (beginning with the current Fiscal Year or the Fiscal Year after the current Fiscal Year) to (B) Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the third such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, will not be less than 1.20:1. In calculating projected Available

Revenue, the Authority will take into account amounts projected to be received from any adopted toll increase or increases and any additional Bay Area Bridge or Bridges.

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

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

Reserve Fund. Subordinate Bonds may be issued with or without a Reserve Requirement. The Authority will decide at the time of issuance of a series of Subordinate Bonds whether to establish a Reserve Requirement for that series and the amount of the Reserve Requirement. On the date of issuance of any series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement will be deposited in the Reserve Account established under the Subordinate Indenture for those bonds. Alternatively, the Authority may decide to establish a pooled Reserve Requirement for that series of Subordinate Bonds and any one or more subsequently issued series of Subordinate Bonds with the same pooled Reserve Requirement, in which case an amount necessary to bring the amount on deposit in the pooled Reserve Account to such pooled Reserve Requirement will be deposited in the pooled Reserve Account established under the Subordinate Indenture. In connection with the issuance of each series of Subordinate Bonds a Reserve Account has been established, and secures only that series of Subordinate Bonds, as set out in the following table:

SUBORDINATE BONDS RESERVE ACCOUNTS	
<u>Series of Subordinate Bonds</u>	<u>Reserve Amount⁽¹⁾</u>
2010 Series S-1	\$67,938,000.00
2010 Series S-2	20,436,379.50
2010 Series S-3	21,325,362.50
2013 Series S-4	45,972,797.00
2014 Series S-5	_____
2014 Series S-6	_____

⁽¹⁾ Funded at the maximum annual amount of interest payable for each series of Subordinate Bonds as of their date of issue. Each such Reserve Account secures only that respective series of Subordinate Bonds.

Money in an account in the Reserve Fund shall be used and withdrawn by the Subordinate Indenture Trustee solely for the purpose of paying principal of and interest on the Subordinate Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit with the Subordinate Indenture Trustee. The Authority is to replenish

amounts drawn from the Reserve Fund by making monthly transfers to the Subordinate Indenture Trustee equal to one-twelfth (1/12th) of the aggregate amount of the deficiency in the Reserve Fund. See APPENDIX C — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE — Funds and Accounts — Establishment and Application of the Reserve Fund” and “—Funding of the Reserve Fund.”

Build America Bonds Federal Interest Subsidy Payments. The Authority has issued Senior Bonds and Subordinate 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. These payments have been reduced as a result of the congressionally-mandated sequestration process, and may continue to be reduced if federal spending reductions continue as a result of the sequestration. See “RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments.” Pursuant to the Subordinate Indenture, the Authority treats such subsidy payments as an offset against interest paid on Build America Bonds for purposes of the additional bonds test and the rate covenants described above under “Toll Rate Covenants” and “Additional Bonds Test,” and such Subsidy Payments are excluded from Available Revenue for purposes of such covenants and tests.

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

SUMMARY OF FINANCING PLAN

Proceeds of 2014 Series Bonds

Proceeds of the 2014 Series Bonds will be used to (i) refund all of the \$[_____] outstanding aggregate principal amount of the Authority’s 2009 Series F-1 Bonds (the “Refunded Bonds”), (ii) fund capital projects, (iii) make a cash deposit to the Reserve Fund for the benefit of the Subordinate Bonds and (iv) pay the costs of issuing the 2014 Series Bonds. A portion of the proceeds of the 2014 Series Bonds will be deposited into an escrow fund (the “Escrow Fund”) to pay interest on and redemption price of the Refunded Bonds.

The refunding of the Refunded Bonds is expected to improve debt service coverage and increase cash flow available for projects during the initial Term Rate and Index Rate Periods. On the Purchase Dates, the 2014 Variable Rate Senior Bonds are expected to be remarketed as Variable Rate Bonds (which might be Daily Rate, Weekly Rate, Commercial Paper Rate, Index Rate or Term Rate Bonds) thereby better aligning the Authority’s debt service with its investment earnings on its cash reserves. The Authority will also be issuing \$[_____] in fixed rate Subordinate Bonds to provide additional construction proceeds for the seismic retrofit program, toll bridge program capital improvements and RM-2 capital projects.

Estimated Sources and Uses of Funds

The following are the estimated sources and uses of funds with respect to the 2014 Series Bonds:

	2014 Variable Rate Senior Bonds	2014 Subordinate Bonds	Total
SOURCES:			
Principal Amount	\$	\$	\$
Plus Net Original Issue Premium			
TOTAL SOURCES	\$	\$	\$
USES:			
Project Fund	\$	\$	\$
Debt Service Reserve Fund Deposit			
Escrow Fund Deposit			
Costs of Issuance ⁽¹⁾			
TOTAL USES	\$	\$	\$

⁽¹⁾ Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; underwriters’ discount; fees of the trustee; and other miscellaneous expenses.

Bond Reserve Funds

Upon the refunding of the Authority’s 2009 Series F-1 Bonds and the issuance of the Authority’s 2014 Series Bonds, the Reserve Requirement for all outstanding Senior Bonds will be approximately \$[334,392,400] and cash and investments aggregating that amount will be held in the Reserve Fund.

[Upon issuance of the 2014 Subordinate Bonds, the Authority will establish with the Subordinate Indenture Trustee under the Subordinate Indenture a 2014 Series S-5 Bonds Reserve Fund and a 2014 Series S-6 Bonds Reserve Fund. The Reserve Requirement for the 2014 Series S-5 Bonds will be approximately [\$_____] and the Reserve Requirement for the 2014 Series S-6 Bonds will be approximately [\$_____] and cash and investments aggregating those amounts will be held in the 2014 Series S-5 Reserve Fund and the 2014 Series S-6 Reserve Fund, respectively.]

[Upon issuance of the 2014 Subordinate Bonds, the Authority will establish with the Subordinate Indenture Trustee under the Subordinate Indenture a common reserve fund for the 2014 Subordinate Bonds (the “2014 Subordinate Bonds Reserve Fund”). The Reserve Requirement for the 2014 Subordinate Bonds Reserve Fund will be approximately [\$_____] based on [_____], and cash and investments aggregating that amount will be deposited in the 2014 Subordinate Bonds Reserve Fund.]

Outstanding Senior Bonds and Senior Obligations

Upon issuance of the 2014 Variable Rate Senior Bonds and defeasance of the Refunded Bonds, the Authority will have outstanding bonds secured by a pledge of Revenue that is on parity with the pledge of Revenue securing the 2014 Variable Rate Senior Bonds in the aggregate principal amount of \$[5,645,970,000] comprised of \$[2,651,635,000] aggregate principal amount of Variable Rate Bonds and \$[2,990,395,000] aggregate principal amount of fixed rate bonds. Of the Variable Rate Bonds

\$400,000,000 will be variable rate demand bonds bearing interest at a Weekly Rate, \$[745,000,000] will be Variable Rate Bonds bearing interest at Index Rates tied to the SIFMA Swap Index, \$[155,000,000] will be Variable Rate Bonds bearing interest at an Index Rate tied to 67% of 3-month LIBOR, and \$[1,351,635,000] will be Variable Rate Bonds bearing interest at Term Rates. See APPENDIX A – “BAY AREA TOLL AUTHORITY – PROJECTED DEBT SERVICE SCHEDULE” and “APPENDIX A – BAY AREA TOLL AUTHORITY – OUTSTANDING OBLIGATIONS – Senior Bonds and Senior Obligations – *Weekly Rate Bonds and Related Credit Facilities*” and “–*Term Rate and Index Rate Bonds.*”

Payments of principal of and interest on the Variable Rate Bonds bearing interest at a Weekly Rate will be made from draws on the Letters of Credit issued by banks that are parties to a Reimbursement Agreement among the Authority and the banks named therein. The reimbursement obligations created by draws on the Letters of Credit, including draws to purchase variable rate demand bonds tendered by the holders thereof and not remarketed, will be on a parity with the Senior Bonds, including the 2014 Variable Rate Senior Bonds. See the information in Appendix A under the captions “OTHER AUTHORITY OBLIGATIONS – Credit Facilities” and “OUTSTANDING OBLIGATIONS – Senior Bonds and Senior Obligations – *Weekly Rate Bonds and Related Credit Facilities.*”

The Authority also has outstanding interest rate swaps in the aggregate notional amount of \$[1,924,145,000], the scheduled payments on which are on a parity with the Senior Bonds, including the 2014 Variable Rate Senior Bonds. Any swap termination payments are subordinate to the Senior Bonds and on parity with the Subordinate Bonds, including the 2014 Subordinate Bonds, described below. See Appendix A under the captions “QUALIFIED SWAP AGREEMENTS” and “OUTSTANDING OBLIGATIONS – Qualified Swap Agreements.”

Outstanding Subordinate Bonds

Upon issuance of the 2014 Subordinate Bonds, the Authority will have outstanding \$[_____] aggregate principal amount of fixed rate Subordinate Bonds secured by a pledge of Revenue that is subordinate to the pledge of Revenue securing the Senior Bonds. See APPENDIX G – “PROJECTED DEBT SERVICE SCHEDULE” and Appendix A under the caption “OUTSTANDING OBLIGATIONS.”

Anticipated Bond Issuances of the Authority

The Authority anticipates issuing additional toll bridge revenue bonds to fund capital projects under its current capital project programs. The Authority, by resolution of its governing board, has authorized the issuance of up to \$300,000,000 of Senior Bonds or Subordinate Bonds (including the 2014 Subordinate Bonds) for capital projects prior to December 31, 2014 and may authorize the issuance of additional Subordinate Bonds or Senior Bonds thereafter. The Authority has also authorized the issuance of refunding Bonds and the termination of existing interest rate swaps and the execution of new interest rate swaps. Toll bridge revenue bonds may be issued on a parity with the outstanding Senior Bonds under the Senior Indenture or as Subordinate Bonds on a parity with the outstanding Subordinate Bonds under the Subordinate Indenture. Additional toll bridge revenue bonds could be issued for refunding or restructuring purposes, additional work on the Bridges or other purposes authorized by the Act.

The principal amount of additional toll bridge revenue bonds (and any senior obligations or subordinate obligations) to be issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on the actual costs of its programs (which are subject to modification by the Authority and by state law) and the resources then available. The Act does not limit the principal amount of Authority obligations that may be issued. The Senior Indenture and the

Subordinate Indenture limit the issuance of Senior Bonds, obligations of the Authority that are payable on a parity with the Senior Bonds, Subordinate Bonds, and obligations that are payable on a parity with the Subordinate Bonds. See Appendix A under the caption “CAPITAL PROJECTS AND FUNDING – Anticipated Bond Issuances of the Authority” and there information herein under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS – Certain Provisions of the Senior Indenture – Toll Rate Covenants” and “—Additional Bonds Test” and “—Certain Provisions of the Subordinate Indenture – Toll Rate Covenant” and “—Additional Bonds Test.”

Investment Policies and Portfolio

For information concerning the Authority’s investment policies and the MTC investment portfolio, which includes funds of the Authority, see “LIQUIDITY, CASH RESERVES AND INVESTMENTS” in Appendix A.

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 Bay Area could result in substantial damage.

The Seismic Retrofit Program was 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. As described in APPENDIX A – “THE BAY AREA TOLL AUTHORITY,” the Seismic Retrofit Program has been substantially completed as of September 2013. However, the completion of the Seismic Retrofit Program will not ensure that one or more of the Bridges or their highway approach routes would not be damaged, destroyed or rendered unusable for a period of time in the event of a single earthquake or a combination of earthquakes.

When large seismic events have occurred in the past, Caltrans has demonstrated an ability to quickly repair bridge structures and reestablish traffic flows. As a consequence of the 1989 Loma Prieta earthquake, the San Francisco-Oakland Bay Bridge suffered collapse of a section of the bridge’s east span upper deck. Within 30 days, two replacement deck sections were designed, ordered, fabricated, delivered and installed as part of a \$8.6 million construction project. With the completion of the Seismic Retrofit Program, the need for repairs of this magnitude is expected to be greatly reduced, especially on the San Francisco-Oakland Bay Bridge and the Benicia-Martinez Bridge, both of which have been strengthened to Lifeline Structure criteria. See APPENDIX A — “THE BAY AREA TOLL AUTHORITY — CAPITAL PROJECTS AND FUNDING — Seismic Retrofit Program Capital Projects – 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.

On August 24, 2014, a 6.0-magnitude earthquake occurred near Napa, California, the epicenter of which was located approximately 15 miles from the Carquinez and Benicia-Martinez Bridges. Caltrans has conducted inspections of the seven bridges of the Bridge System and found no damage. See “RISK FACTORS – Risk of Earthquake.”

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, collisions involving maritime vessels, 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, 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.

As described above, the Authority's budget contemplates a \$1 billion reserve, including \$50 million in the Cooperative Agreement, \$150 million in the operations and maintenance fund, \$120 million for bridge rehabilitation, \$580 million in projects/operating reserves and \$100 million in variable rate risk. See the MTC 2014 CAFR at page [72] and "LIQUIDITY AND CASH RESERVES – Cash Reserves" for more information on the reserve. Moreover, the Authority expects that emergency assistance and loans from the federal government would be made available to the State in the event of major damage to the Bridges caused by a major earthquake or other force majeure event.

Economic Factors

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

Risk of Non-Payment of Direct Subsidy Payments

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

The Budget Control Act of 2011 (the "Budget Control Act") provided for increases in the federal debt limit and established procedures designed to reduce the federal budget deficit. The Budget Control Act provided that a failure by Congress to otherwise reduce the deficit would result in sequestration: automatic, generally across-the-board spending reductions. Pursuant an executive order that reduced budgetary authority for expenditures subject to sequestration, including subsidies for Build America Bonds, beginning on March 1, 2013, subsidy payments for Build America Bonds were to be reduced by approximately 8.7 percent. Pursuant to this executive order, the subsidy payments that the Authority received for the April 1, 2013 and October 1, 2013 interest payment dates for the Build America Bonds were reduced by approximately \$2.8 million and \$3.3 million, respectively.

Future Build America Bonds subsidy payments that the Authority expects to receive in connection with the its outstanding Build America Bonds after the start of the 2013-2014 Federal Fiscal Year (“FFY 2014”) on October 1, 2013 may be reduced depending on future budget actions of Congress. The IRS has announced that, absent Congressional budget action changing the sequester, the sequester reduction for Build America Bonds subsidy payments for FFY 2014 will be 7.2 percent for subsidy payments made during FFY 2014. The Authority estimates that the subsidy payment it would receive for the April 1, 2014 interest payment would be approximately \$35.5 million, which reflects the expected 7.2 percent reduction of its Build America Bond subsidy payment. The Authority cannot predict when or whether federal legislation may be enacted, and no assurance can be given that Congress will enact new legislation providing funding or authorization for the Build America Bonds subsidy payments, or that if enacted, whether any such legislation would be signed into law by the president. [Update]

If the Authority fails to comply with the conditions to receiving the subsidy payments throughout the term of the toll bridge revenue bonds designated as Build America Bonds, it may no longer receive such payments and could be subject to a claim for the return of previously received payments. The Authority is obligated to make payments of principal of and interest on its toll bridge revenue bonds without regard to the receipt of subsidy payments.

Credit Facilities Risk

The domestic and international financial crisis and recession have had a negative impact on the availability and cost of bank letter of credit and line of credit facilities. While the Authority, by the refunding of variable rate toll bridge revenue bonds with fixed rate bonds, has reduced its requirements for credit and/or liquidity facilities, it still has a material amount of variable rate debt supported by credit facilities and will continue to need to renew or replace such facilities in the coming years or, alternatively, to restructure its variable rate debt to reduce the need for credit and/or liquidity facilities. The rating agencies have announced changes in outlook and downgrades, and could announce more changes in outlook, or reviews for downgrade, or downgrades, of the ratings of the Authority’s credit facility providers. Current ratings of the Authority’s variable rate bonds are in part based on credit provider ratings. Adverse ratings developments with respect to Credit Providers could lead to the need for purchases by the Credit Providers of bonds pursuant to the Reimbursement Agreements described under “Other Authority Obligations” and therefore could cause a substantial increase in the Authority’s debt service-related costs. The Authority cannot predict the availability and cost of replacement bank facilities, of extending existing credit facilities, or of other refinancing strategies that would not require credit support.

Variable Rate Obligations Rate and Acceleration Risk

The Senior Bonds that are variable rate demand bonds bearing interest at a Weekly Rate are subject to tender at the option of the owners thereof and if not remarketed will be purchased pursuant to the Reimbursement Agreement. Under certain conditions the reimbursement obligations related to such purchases may be due and payable immediately on a parity basis with the Senior Bonds. The Senior Bonds are not otherwise subject to acceleration. In addition, the interest rate on the Senior Bonds that are variable rate demand bonds bearing interest at a Weekly Rate fluctuates and could increase up to a maximum rate of 12% per annum or, if there is a failure to remarket, 15% per annum when purchased by a Credit Provider pursuant to the Reimbursement Agreement.

The Senior Bonds that are variable rate bonds bearing interest at an Index Rate or a Term Rate are subject to mandatory tender at the end of their respective Index Rate Period or Term Rate Period. Upon such mandatory tender, such Bonds are to be remarketed. In the event all of the Bonds of a Series are not remarketed, such Bonds will bear interest at a Weekly Rate which shall be the Stepped Rate. The Stepped

Rate increases over time as the Bonds are unable to be remarketed and may reach 12%. See “2014 VARIABLE RATE SENIOR BONDS IN TERM RATE OR INDEX RATE MODE – Insufficient Funds; Stepped Rate.”

Swap Related Risks

The Authority has Qualified Swap Agreements with, as of November __, 2014, a notional amount of \$[1,440,000,000] outstanding with various counterparties pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index. The variable rates received pursuant to such agreements which are LIBOR-based may differ, at times substantially, from the interest rates on the Senior Bonds corresponding to such swap agreements. In addition, if the counterparties to such Qualified Swap Agreements encounter financial difficulties, under certain circumstances payments may not be received from such counterparties or the swap agreements may be terminated requiring, depending on market conditions at the time, termination payments to be made by the Authority. Such termination payments could be substantial and are payable as Subordinate Obligations, on a parity basis with the Subordinate Bonds. As of November __, 2014, such termination payments would exceed an approximate estimated aggregate amount of \$__ million.

Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue

Over the years 2010 through 2012, the Authority increased bridge tolls as described under “THE BRIDGE SYSTEM—Bridge Tolls.” Construction delays or cost increases, particularly with respect to the completion of 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

In connection with the ongoing operation, maintenance and repair of the Bridges, construction projects are expected to arise on the Bridges. Construction delays and cost escalation for such construction projects may occur as a result of 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.

State Legislation

State legislation is introduced from time to time that could affect the finances or operations of the Authority or MTC or both, including, the level and expenditure of tolls. The Authority cannot predict whether any such legislation will be introduced or enacted in future legislative sessions.

During the 2013-2014 session one bill was adopted related to the Authority. SB 613, which was signed by the Governor on October 5, 2013, imposes the following limits on the Authority: (i) prohibiting the Authority from purchasing or otherwise acquiring office space or office facilities in addition to the Administration Building and (ii) limiting direct contributions of the Authority to the Metropolitan Transportation Commission to one percent (1%) of gross annual toll bridge revenues, including a

contribution for overhead expenses as an authorized contribution. The Authority does not expect SB 613 to have a material adverse effect on the Authority's financings or operations.

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 added 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.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the 2014 Series Bonds, the application of the proceeds thereof in accordance with the Senior Indenture and the Subordinate Indenture, the collection or application of the Bridge Toll Revenues (as defined Appendix A), or the statutory lien thereon, in any way contesting or affecting the validity or enforceability of the 2014 Series Bonds or the Senior Indenture or the Subordinate Indenture, in any way contesting the completeness or accuracy of the Official Statement or the powers of the Authority with respect to the 2014 Series Bonds or the Senior Indenture or the Subordinate Indenture, or which could, if adversely decided, have a materially adverse impact on the Authority's financial position or the Authority's ability to collect Bridge Toll Revenues.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2014 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the 2014 Series Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2014 Series Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on the 2014 Series Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix II hereto.

To the extent the issue price of any maturity of the 2014 Series Bonds is less than the amount to be paid at maturity of such 2014 Series Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2014 Series Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2014 Series Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2014 Series Bonds is the first price at which a substantial amount of such maturity of the 2014 Series Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2014 Series Bonds accrues daily over the term to maturity of such 2014 Series Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2014 Series Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2014 Series Bonds. Beneficial owners of the 2014 Series Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2014 Series Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2014 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2014 Series Bonds is sold to the public.

2014 Series Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2014 Series Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2014 Series Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2014 Series Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2014 Series Bonds. The opinion

of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2014 Series Bonds may adversely affect the value of, or the tax status of interest on, the 2014 Series Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2014 Series Bonds is excluded from gross income for federal income tax purposes and that interest on the 2014 Series Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2014 Series Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2014 Series Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the 2014 Series Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the 2014 Series Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2014 Series Bonds. Prospective purchasers of the 2014 Series Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2014 Series Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners regarding the tax-exempt status of the 2014 Series Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2014 Series Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2014 Series Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the 2014 Series Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will be passed upon for the Authority by its general counsel and for the Underwriters by their counsel, Nixon Peabody LLP.

RATINGS

2014 Variable Rate Senior Bonds

Moody's Investors Service ("Moody's") has assigned a rating of "Aa3" to the 2014 Variable Rate Senior Bonds. Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA" to the 2014 Variable Rate Senior Bonds. Fitch Ratings ("Fitch") has assigned a rating of "AA-" to the 2014 Variable Rate Senior Bonds.

2014 Subordinate Bonds

Moody's has assigned a rating of "A1" to the 2014 Subordinate Bonds. S&P has assigned a rating of "A+" to the 2014 Subordinate Bonds.

Meaning of Ratings

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such ratings could be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the 2014 Series Bonds.

UNDERWRITING

The Authority will enter into a Purchase Contract (the "Purchase Contract") with respect to the 2014 Series Bonds with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman, Sachs & Co. (collectively, the "Underwriters"). Pursuant to the Purchase Contract, the Underwriters have agreed, subject to conditions, to purchase the 2014 Series Bonds for reoffering, at a purchase price of \$_____, which represents the aggregate principal amount of the 2014 Series Bonds, plus an original issue premium of \$_____, less an underwriters' discount of \$_____.

The Underwriters will purchase all of the 2014 Series Bonds if any are purchased. The Underwriters have agreed to make a public offering of the 2014 Series Bonds at the prices or yields shown in the SUMMARY OF OFFERING.

Citigroup Global Markets Inc., an Underwriter of the 2014 Series Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the 2014 Series Bonds.

J.P. Morgan Securities LLC (“JPMS”), an Underwriter of the 2014 Series Bonds, has entered into a negotiated dealer agreement (the “Dealer Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings, including the 2014 Series Bonds, at the original issue prices. Pursuant to the Dealer Agreement, (if applicable to this transaction), CS&Co. will purchase 2014 Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2014 Series Bonds that CS&Co. sells.

Goldman, Sachs & Co. (“Goldman Sachs”), one of the Underwriters of the 2014 Series Bonds, has entered into a master dealer agreement (the “Master Dealer Agreement”) with Incapital LLC (“Incapital”) for the distribution of certain municipal securities offerings, including the 2014 Series Bonds, to Incapital’s retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase 2014 Series Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any 2014 Series Bonds that Incapital sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority (including 2009 Series F-1 Bonds that are being refunded with the proceeds of the 2014 Series Bonds).

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION REPORT

Upon delivery of the 2014 Series Bonds, Causey Demgen & Moore P.C., independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the maturing principal of and interest on the investments in the Escrow Fund and the other moneys in the Escrow Fund to pay when due the interest on and redemption price of the Refunded Bonds. See “SUMMARY OF FINANCING PLAN” herein.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management Inc., San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the 2014 Series Bonds. The Financial Advisor is an Independent Registered Municipal Advisor under section 15B of the Securities Exchange Act of 1934 and the rules promulgated thereunder by the Securities and Exchange Commission. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

RELATIONSHIP OF CERTAIN PARTIES

MUFG Union Bank, N.A. is the trustee under the Indenture pursuant to which the 2014 Series Bonds are issued and outstanding. MUFG Union Bank, N.A. is also a Letter of Credit Provider and a party to the Reimbursement Agreement. The Bank of New York Mellon Trust Company, N.A. is the Trustee for the Subordinate Bonds. The Bank of New York Mellon has entered into Qualified Swap Agreements with the Authority. The Bank of New York Mellon Trust Company, N.A. and The Bank of New York Mellon are affiliated and are subsidiaries of The Bank of New York Mellon Corporation. Bank of America, N.A. has entered into Qualified Swap Agreements with the Authority. Merrill Lynch, Pierce, Fenner & Smith Incorporated is an underwriter with respect to 2014 Series Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A. are affiliated and are subsidiaries of Bank of America Corporation. Citibank, N.A. has entered into Qualified Swap Agreements with the Authority. Citigroup Global Markets Inc. is an underwriter with respect to 2014 Series Bonds. Citigroup Global Markets Inc. and Citibank, N.A. are affiliated and are subsidiaries of Citigroup Inc. JPMorgan Chase Bank, National Association has entered into Qualified Swap Agreements with the Authority. J.P. Morgan Securities LLC is an underwriter with respect to 2014 Series Bonds. J.P. Morgan Securities LLC and JPMorgan Chase Bank, National Association are affiliated and are subsidiaries of JPMorgan Chase & Co. Goldman Sachs Mitsui Marine Derivative Products, L.P. has entered into Qualified Swap Agreements with the Authority. Goldman, Sachs & Co. is an underwriter with respect to the 2014 Series Bonds. Goldman Sachs Mitsui Marine Derivative Products, L.P. and Goldman, Sachs & Co. are affiliated and are subsidiaries of The Goldman Sachs Group Inc. See the information in Appendix A under the captions “QUALIFIED SWAP AGREEMENTS,” “OUTSTANDING OBLIGATIONS” and “OTHER AUTHORITY OBLIGATIONS — Reimbursement Agreement.”

The Authority’s capital improvement projects and related activities, including the sale of the 2014 Series Bonds, have been made possible, in part, by hiring underwriters, remarketing agents, bond insurers, reserve surety providers, liquidity providers, letter of credit providers, trustees and interest rate swap counterparties to assist the Authority. Certain of these entities or their affiliates have and continue to participate in more than one capacity in financings for, and contractual relationships with, the Authority.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the owners and beneficial owners of certain of its Bonds, including the 2014 Series 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 applicable 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). The form of Continuing Disclosure Agreement for the 2014 Variable Rate

Senior Bonds is attached as Appendix H hereto. The form of Continuing Disclosure Agreement for the 2014 Subordinate Bond is attached as Appendix I hereto.

The Authority has filed annual reports and material event notices as required by the Rule and its previous undertakings. However, the Authority has determined that its annual reports for the FYE 2007 through 2010 contained average toll rates on each of the Bay Area bridges rather than an update of toll rates by number of axles per vehicle. The Authority's annual report for the FYE 2011 contained the Authority's current schedule of toll rates by number of axles per vehicle. The Authority has also determined that certain of its annual reports and material event notices had not been recorded correctly by individual nine digit CUSIP numbers with respect to the Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2009 Series F-1, although such reports were timely filed with respect to the six digit base CUSIP number. All relevant reports have now been filed on EMMA with respect to the 2009 Series F-1 Bonds. The Authority has otherwise complied in all material respects with all previous undertakings with regard to providing annual reports and material event notices in accordance with the Rule.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and holders of any of the 2014 Series Bonds. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

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

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

BAY AREA TOLL AUTHORITY

By: _____
Executive Director

APPENDIX A
BAY AREA TOLL AUTHORITY

TABLE OF CONTENTS

	Page
INTRODUCTION	A-1
FINANCIAL STATEMENTS	A-1
INDEPENDENT ACCOUNTANTS	A-2
THE BRIDGE SYSTEM	A-2
General	A-2
Toll Setting Authority	A-4
Bridge Toll Collection	A-4
Bridge Toll Rates	A-6
Motor Vehicle Traffic	A-7
Bridge System Operations and Maintenance	A-8
Payments to MTC	A-8
CAPITAL PROJECTS AND FUNDING	A-9
Regional Measure 1 Projects	A-10
Regional Measure 2 Projects	A-10
Seismic Retrofit Program.....	A-10
Seismic Retrofit Program Capital Project Status	A-15
AB 1171 Capital Projects.....	A-17
Bridge Rehabilitation Program	A-17
Additional Bridge Improvement Projects	A-17
Anticipated Bond Issuances of the Authority	A-18
LIQUIDITY, CASH RESERVES AND INVESTMENTS	A-18
Cash Reserves	A-18
Operations and Maintenance Fund	A-19
Cooperative Agreement Self-Insurance Fund.....	A-19
Investment Policies	A-19
Investment Portfolio.....	A-20
OUTSTANDING AUTHORITY OBLIGATIONS	A-21
Outstanding Senior Bonds and Senior Obligations.....	A-21
Outstanding Subordinate Bonds	A-25
Qualified Swap Agreements	A-25
HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE	A-29
Historical Revenue and Debt Service Coverage	A-29
Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage	A-30
OTHER AUTHORITY OBLIGATIONS	A-33
Credit Facilities.....	A-33
Further Subordinated Obligations.....	A-34
CalPERS and MTC Retirement Plan	A-34
RELATED ENTITIES	A-35
Metropolitan Transportation Commission.....	A-35
Bay Area Headquarters Authority	A-35
Express Lane Network.....	A-36
LITIGATION.....	A-37
LEGISLATION	A-37

INTRODUCTION

The Bay Area Toll Authority (the “Authority” or “BATA”) 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”).

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

The governing body of the Authority consists of 18 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 the Official Statement. There are three members each from Alameda and Santa Clara Counties, including one member appointed by the mayor of San Jose and one member appointed by the mayor of Oakland, two members each from the City and County of San Francisco and from Contra Costa and San Mateo 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.

The Authority has the same governing board members as the Metropolitan Transportation Commission (“MTC”). MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the “Bay Area.”

From time to time, the Authority has issued Senior Bonds under the Senior Indenture and Subordinate Bonds under the Subordinate Indenture. As of October 1, 2014, the aggregate principal amount of Senior Bonds outstanding was \$5,642,030,000. As of October 1, 2014, the aggregate principal amount of Subordinate Bonds outstanding was \$3,285,000,000. See “OUTSTANDING AUTHORITY OBLIGATIONS” below.

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 (“FYE”) June 30, 2014, including MTC’s Financial Statements For FYE June 30, 2014 and 2013 (collectively, the “MTC 2014 CAFR”), has been posted to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) website at [LINK TO BE INSERTED AFTER POSTING] and is incorporated herein by such reference as if fully included herein. Hereinafter references to “FYE” refer to, as the context requires, the fiscal year or years ended June 30 for MTC and the Authority.

INDEPENDENT ACCOUNTANTS

The financial statements incorporated by reference in this Official Statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in MTC's Financial Statements For FYE June 30, 2014 and 2013.

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 part of the Bridge System, although the Authority does provide electronic toll collection services for the Golden Gate Bridge. The seven bridges of the Bridge System interconnect various communities within the Bay Area and were used by [125,591,113] vehicles in the FYE [2013]. A map of the Bridge System appears in the prefatory pages of this Official Statement. For selected demographic statistics for the Bay Area, see [Table 13 on page 135 of the MTC 2013 CAFR].

Given that the Bay Area is a seismically-active region, California laws enacted starting in 1989 have required the seismic retrofit of each Bridge within the Bridge System (the "Seismic Retrofit Program"). Caltrans invited bids and awarded contracts for the Seismic Retrofit Program. The Seismic Retrofit Program has been implemented using funding from bridge toll revenues, proceeds of Bonds of the Authority, and State and federal funding. As of September 2, 2013, the Authority and Caltrans have substantially completed all projects in the Seismic Retrofit Program. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program—San Francisco-Oakland Bay Bridge—East Span Replacement and Funding Sources" in this Appendix A.

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 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 of the San Francisco-Oakland Bay Bridge is a double deck structure that consists of two suspension bridges with a common central anchorage and a concrete span at the San Francisco end; the length of the west span is 10,300 feet. Each deck has five traffic lanes with westbound traffic on the upper deck and eastbound traffic on the lower deck. Elevated approaches to the bridge carry through-traffic to and from Highway 101 south of San Francisco without use of local San Francisco streets.

Following the 1989 Loma Prieta earthquake that caused a section of the east span of the San Francisco-Oakland Bay Bridge to collapse, it was determined that a seismic retrofit of the west span and approach and the construction of a new east span of the bridge were necessary, and these projects were carried out as part of the Seismic Retrofit Program. The seismic retrofit of the west span was completed in 2004, and a seismic retrofit of the west approach to the bridge was completed in 2009. A 520 foot long tunnel on Yerba Buena Island connects the west span to the east span.

The new east span is 2.2 miles long on an alignment parallel to and north of the old east span. The new span consists of a transition off Yerba Buena Island, a self-anchored suspension ("SAS") bridge span, a skyway and an approach/touchdown in Oakland. Unlike the old east span of the San Francisco-

Oakland Bay Bridge which was double-decked, the replacement east span features side-by-side decks. The SAS bridge span is the world's longest single tower self-anchored suspension structure, at 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 old east span piles. The side-by-side bridge decks each have five lanes plus shoulders. The eastbound deck also carries a 15.5 foot-wide bicycle and pedestrian path. While the new east span opened to traffic on September 2, 2013, work to complete the bicycle and pedestrian path and new eastbound on ramp from Yerba Buena Island remains to be completed pending removal of conflicting portions of the old east span of the bridge. The final connections on Yerba Buena Island are expected to be completed in 2015. At the eastern terminus, approaches connect through-traffic with Highways 80, 580 and 880. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program—San Francisco-Oakland Bay Bridge – East Span Replacement and Funding Sources" in this Appendix A.

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

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

San Mateo-Hayward Bridge. The San Mateo-Hayward Bridge is approximately 17 miles south of the San Francisco-Oakland Bay Bridge, and carries Highway 92 across the San Francisco Bay, connecting Highway 101 and the City of San Mateo on the San Francisco peninsula to Highway 880 and the east shore of the San Francisco Bay in Alameda County, approximately five miles southwest of Hayward. The current bridge was built in 1967 and seismically retrofitted in 2000. The high-level section of the current structure consists of steel orthotropic box girders with concrete overlay. It is approximately two miles long and carries six lanes of traffic (three in each direction). The low-rise trestle section of the bridge was widened to carry six lanes of traffic as well in 2003. Additional seismic retrofit work was conducted the weekend of October 19 through 21, 2012 when the bridge was closed for the installation of a new seismic joint and the replacement of a 60-foot span of the bridge deck.

Richmond-San Rafael Bridge. *The Richmond-San Rafael Bridge opened to traffic in 1956 and carries Highway 580 across the San Francisco Bay from a point about three miles west of the City of*

Richmond in Contra Costa County to the Marin County shore three miles southeast of the City of San Rafael. The Richmond-San Rafael Bridge is approximately 5.5 miles long and of cantilever-truss construction. Its major spans are 1,070 feet long. As originally constructed, a single deck carried two-way traffic. A lower deck was constructed later, resulting in a double deck structure carrying traffic in opposite directions. The bridge currently carries two lanes and a shoulder in each direction with westbound traffic on the upper deck and eastbound traffic on the lower deck. A seismic retrofit of the Richmond-San Rafael Bridge was completed in 2005.

Dumbarton Bridge. The current Dumbarton Bridge opened in 1982. It carries Highway 84 across the San Francisco Bay and is situated approximately 10 miles south of the San Mateo-Hayward Bridge. The western end of the bridge is five miles northeast of the City of Palo Alto, and the eastern end is five miles west of the City of Newark, midway between the Cities of San Jose and Oakland. The Dumbarton Bridge is a six-lane structure that is 1.6 miles long with a bicycle and pedestrian path. The bridge connects Highway 101 and Palo Alto to Highway 880 in Alameda County. The approach spans are composed of pre-stressed lightweight concrete girders that support a lightweight concrete deck. The center spans are twin steel trapezoidal girders that also support a lightweight concrete deck. A seismic retrofit of the Dumbarton Bridge was completed in May 2013.

Antioch Bridge. Located 25 miles east of the Benicia-Martinez Bridge, the Antioch Bridge carries Highway 160 and is the only northerly highway connection across the San Joaquin River linking east Contra Costa County to the delta communities of Rio Vista and Lodi. In 1978, a 1.8 mile long high-level fixed-span structure replaced the original bridge constructed in 1926. The Antioch Bridge spans the 3,600-foot wide San Joaquin River and extends 4,000 feet onto Sherman Island in Sacramento County to the north and 1,000 feet into Contra Costa County to the south. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders for pedestrians and bicyclists. A seismic retrofit of the Antioch Bridge was completed in April 2012.

Toll Setting Authority

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

California law requires the Authority to increase the toll rates specified in its adopted toll schedule in order to meet its obligations and covenants under any toll bridge revenue bond resolution or indenture of the Authority for any outstanding toll bridge revenue bonds issued by the Authority and the requirements of bond-related interest rate swap, credit and liquidity agreements. California law also authorizes the Authority to increase the toll rates specified in its adopted toll schedule to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the Bridges.

All bridge tolls are treated as a single revenue source for accounting and administrative purposes and for the purposes of the Authority's Senior Indenture and Subordinate Indenture.

Bridge Toll Collection

Toll Collection. Tolls on each of the Bridges are currently collected from vehicles crossing in one direction only. Cash toll payments are collected at each Bridge 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. Tolls are also collected on the Bridges using the FasTrak[®] system, which is an electronic toll collection (ETC) system operated by the Authority that allows prepayment of tolls, eliminating the need for vehicles to stop at the toll plaza. Open-road tolling, which eliminates cash toll booths for certain FasTrak lanes, commenced on the Benicia-Martinez Bridge in 2007 and on the San Francisco-Oakland Bay Bridge in 2009.

The FasTrak System. The FasTrak system has three components: a toll tag, which is placed inside the vehicle; an overhead antenna in the toll plaza, which reads the toll tag and automatically deducts the appropriate toll from the associated prepaid account; and video cameras to identify toll evaders.

A toll tag is a small battery-powered device that transmits a radio signal to the overhead antenna in the toll plaza. A driver can obtain a toll tag and deposit value into the associated account at a participating retailer, or by mail, fax, phone or in-person. Toll accounts can be established for individuals and for businesses.

As the vehicle enters the toll lane, the toll tag is read by the overhead antennae, and the FasTrak account associated with the toll tag is charged the proper toll amount. Feedback is provided on an electronic display at the toll plaza and via a beep emitted by the toll tag. If a vehicle does not have a toll tag, the system classifies the vehicle as a violator, and cameras take photos of the vehicle and license plate for processing. Later, the system sweeps its records to identify any existing customer account associated with the license plate number; if there is an associated account, the account is simply debited the proper toll amount.

Revenue from the FasTrak ETC system continues to increase relative to cash toll revenue. For the FYE 2014, [___]% of total toll-paying traffic were FasTrak users, compared to 60.4% in the FYE 2013. The growth in ETC processing has improved traffic flow on the Bridges but has also been associated with increased processing costs and toll violations. See “—Motor Vehicle Traffic” below and the MTC 2014 CAFR for further discussion of the effect of the FasTrak ETC system on toll-paying traffic.

Toll Violators. Toll violators are drivers that intentionally avoid the payment of tolls. The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue. See “HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE—Historical Revenue and Debt Service Coverage” below. The Authority has improved the process for collecting violation revenue through a series of system and process upgrades. The requirement commencing July 1, 2010, that vehicles using high occupancy vehicle lanes have FasTrak toll tags has assisted in deterring toll violators and increased toll-paying traffic. See “—Motor Vehicle Traffic” below.

When a vehicle is identified as having crossed a Bridge without paying the toll, a violation notice is sent to the vehicle’s registered owner within 21 days of the toll violation at the address on file with the Department of Motor Vehicles (DMV), pursuant to State law. The first notice requests payment for the toll amount and a \$25 penalty. If the toll and penalty are not paid in response to the first notice, a second notice is sent for the toll amount plus a \$70 penalty (\$25 penalty plus \$45 late penalty). Failure to respond to the second notice results in additional penalties and fees and referral of the amount due to a collections agency and/or the withholding of the vehicle’s registration by the DMV.

Currently, California law does not require vehicles to be equipped with temporary license plates when they are sold by dealers. A permanent license plate is usually mailed to the registered owner within approximately three weeks of purchase. State law allows the vehicle to be driven without plates until the permanent license plate is received. Therefore, certain vehicles in the Bay Area do not have license plates

installed, and, as a result, the Authority does not have a way to contact the owner with a violation notice when such vehicles cross a Bridge without paying the toll. The Authority estimates that it was unable to attempt collection of approximately \$6.7 million in annual revenue in the FYE 2013, and approximately \$4.8 million in the FYE 2012, from toll violators whose vehicles lack license plates. The Authority is pursuing an amendment to State law that would require dealers to equip vehicles with temporary license plates when sold.

FasTrak Regional Customer Service Center. In 2003, the Authority entered into a contract for the management and operation of the FasTrak Regional Customer Service Center (“CSC”), with ACS State & Local Solutions, Inc., which was subsequently acquired by Xerox State and Local Solutions, Inc. (“Xerox”). The contract with Xerox provides for the management and operation of the CSC, which includes the FasTrak account management system, transaction processing, call center operations, web services, payment processing, customer communications, violation image review and violation noticing. This contract has been extended to November 2014, and the Authority has also approved award of a new competitively-bid contract to Xerox for the continued management and operation of the CSC, including implementation of a new software system, for a five-year term with an option by the Authority to extend for up to an additional ten years. Funding for CSC operations is included in the Authority’s annual operating budget. The Authority’s CSC operations expenses for the FYE 2014 were approximately \$23.2 million.

Bridge Toll Rates

Historic Toll Rates. In 1988, Bay Area voters approved a ballot measure called Regional Measure 1 (“RM1”) establishing a uniform toll rate of \$1.00 on all Bridges for toll-paying, two-axle vehicles and higher tolls for all other toll-paying vehicles and authorizing certain Bridge improvements and transit funding. In 2004, Bay Area voters approved a ballot measure called Regional Measure 2 (“RM2”) that authorized a toll increase of \$1.00 for all toll-paying vehicles to fund specified projects and transit expansions. Commencing in 1998, a \$1.00 seismic surcharge was imposed by California law on toll-paying vehicles to fund part of the cost of the Seismic Retrofit Program for the Bridge System. The Act was subsequently amended to authorize the Authority to increase the amount of the seismic surcharge, and a \$1.00 per toll-paying vehicle increase took effect on January 1, 2007.

Current Toll Rates. In January 2010, the Authority increased tolls on all of the Bridges, effective on July 1, 2010 for two-axle vehicles and effective in stages, on July 1, 2011 and July 1, 2012, for multi-axle vehicles (which represent about 3% of total traffic).

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

As of July 1, 2010, the Authority began collecting tolls on the Bridges from high-occupancy vehicles (car pool vehicles and motorcycles) and inherently-low-emission vehicles (such as electric and hybrid cars), which had previously been granted toll-free passage on the Bridges during peak hours. High-occupancy vehicles and inherently-low-emission vehicles now pay a reduced-rate toll of \$2.50 on all Bridges during peak hours, which are from 5 a.m. to 10 a.m. and from 3 p.m. to 7 p.m. weekdays on all Bridges. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours. Commuter buses and vanpool vehicles are permitted to cross the Bridges toll-free at all hours.

The increased tolls for multi-axle vehicles are based on a toll of \$5.00 times the number of axles. Approximately half of the increase took effect on July 1, 2011, and the rest of the increase took effect on July 1, 2012.

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

BRIDGE SYSTEM TOTAL TOLL RATES

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

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

Motor Vehicle Traffic

The following table sets forth total toll-paying motor vehicle traffic for FYE 2005 through 2014. Until July 1, 2010, high-occupancy vehicles and inherently-low-emission vehicles were permitted toll-free passage on the Bridges during peak hours on weekdays, and as a result such traffic is excluded from the data below for Fiscal Years prior to FYE 2011. The addition of toll-paying high-occupancy vehicles and inherently-low-emission vehicles may account for some of the increase in toll-paying traffic on six Bridges in the FYE 2011 as shown below. See [Table 9 on page 131 of the MTC 2013 CAFR.]

TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC⁽¹⁾
(number of vehicles in thousands)

FYE	San Francisco-Oakland Bay Bridge	San Carquinez Bridge	Benicia-Martinez Bridge	San Mateo-Hayward Bridge	Richmond-San Rafael Bridge	Dumbarton Bridge	Antioch Bridge	Total ⁽²⁾	Percent Change
2005	43,357	21,344	17,116	14,790	11,758	9,298	2,472	120,135	(3.7)
2006	41,265	20,914	17,071	15,131	11,908	9,529	2,479	118,298	(1.5)
2007	40,134	20,722	16,975	14,881	11,913	9,516	2,517	116,659	(1.4)
2008	39,555	19,875	17,440	14,358	11,782	9,194	2,366	114,570	(1.8)
2009	40,118	19,441	17,426	13,629	11,542	8,708	2,208	113,072	(1.3)
2010	38,649	19,057	17,715	14,058	11,752	8,746	2,136	112,113	(0.8)
2011	43,282	19,593	17,987	15,209	11,987	9,634	2,118	119,810	6.8
2012	43,382	19,613	17,908	16,016	12,320	9,777	2,124	121,140	1.1
2013	43,872	19,685	18,101	16,426	12,558	10,010	2,078	122,730	1.3
2014									

⁽¹⁾ Traffic figures exclude toll violators. See “THE BRIDGE SYSTEM—Bridge Toll Collection—Toll Violators” above.

⁽²⁾ Totals may not add due to rounding.

Source: The Authority.

Total toll-paying traffic for the FYE 2014 increased by approximately 3.4 million vehicles, which represents an increase of approximately 3% over the FYE 2013 and represents a fourth consecutive year of increased traffic. The Authority is unable to predict whether this upward trend will continue. In FYE 2014, toll-free traffic consisted of approximately [__ million] vehicles (representing [less than __]% of total traffic).

Bridge System Operations and Maintenance

The Authority is responsible for paying all of the costs of operating and maintaining the Bridge System (except for maintenance expenditures on the San Francisco-Oakland Bay Bridge that are payable under State Law by the State until the new east span of that Bridge is complete following demolition of the old east span). The Authority is required by the Senior Indenture and the Subordinate Indenture to maintain Bridge System tolls at rates sufficient to pay such costs. Under current law, the payment of such costs is subordinate to the payment of the Authority's Secured Obligations. The Authority's costs of operating and maintaining the Bridge System for FYE 2010 through 2014 were \$76,746,131; \$80,993,249; \$80,488,177; \$92,832,622; and [\$_____], respectively. Such figures include operating expenses incurred by Caltrans, which totaled approximately [\$__ million] in FYE 2014. The Authority's costs of operating and maintaining the Bridge System for FYE 2011, 2012, 2013 and 2014 exclude expenses for the Transbay Terminal, however, prior to FYE 2011, the expenses of the Transbay Terminal were included.

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

Payments to MTC

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

In 2010 MTC determined that certain of the payments, totaling approximately \$22 million in the FYE 2010 (collectively, the "Fund Transfers"), are essential to the regional transportation system but that the statutory schedule for Fund Transfers may be inadequate to timely fund some of the projects planned by MTC. To address this timing issue, the Authority and MTC entered into a Funding Agreement (the "Funding Agreement"), under which the Authority paid to MTC in September 2010 an amount of \$507 million, equal to the present value of the bridge toll revenues that the Authority projected would be used for Fund Transfers for 50 years from July 1, 2010, in exchange for being relieved of responsibility for making Fund Transfers for that 50-year period.

The Authority's obligation to pay Regional Measure 2 Operating Transfers ("RM2 Operating Transfers" as further described herein) and Authority Administrative Costs, described below, to MTC is not affected by the Funding Agreement.

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

TRANSFERS TO MTC
(\$ in millions)

<u>FYE</u>	<u>RM2 Operating Transfers⁽¹⁾</u>	<u>Authority Administrative Costs⁽²⁾</u>	<u>Total</u>
2010	36.53	4.89	41.42
2011	42.67	6.25	48.92
2012	36.80	10.84	47.64
2013	39.66	9.48	49.14
2014	[]	[]	[]

⁽¹⁾ RM2 Operating Transfers are subject to a statutory cap of 38% of RM2 revenue. Total RM2 revenue equaled approximately [\$117 million in FYE 2013].

⁽²⁾ Authority Administrative Costs are transferred by the Authority to MTC. This amount does not include Authority Maintenance and Operation Expenses, which are also subordinate to the Authority’s Secured Obligations and amounted to approximately [\$93 million in FYE 2013], including [\$65 million] for the Authority’s operating expenses, [\$25 million] for operating expenses incurred by Caltrans, and [\$3.5 million] for operating expenses of the Transbay Joint Powers Authority.

Source: The Authority.

“RM2 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 RM2 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 RM2 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 RM2 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. State law also permits the Authority to make interest-bearing loans to MTC of up to 1% of gross annual Bridge System revenues. No loans are outstanding at this time.

CAPITAL PROJECTS AND FUNDING

The Authority uses bridge toll revenues to fund six main categories of capital projects: highway and bridge enhancement projects approved by voters through RM1 (the “RM1 Projects”); transit, highway

and bridge enhancement and improvement projects approved by voters through RM2 (the “RM2 Projects”); the Seismic Retrofit Program; MTC projects to be funded pursuant to AB 1171; the Authority’s bridge rehabilitation program; and bridge improvement projects. Each of these project categories is described below.

Regional Measure 1 Projects

RM1 authorized the Authority to pay for specified highway and bridge enhancement projects. The RM1 program was completed as of the close of the FYE 2013. The RM1 program included over \$2.3 billion in bridge and related transportation projects administered by the Authority and originally authorized by the voters in 1988. As of July 31, 2013, expenditures for RM1 Projects totaled approximately \$2.336 billion. As a result of the completion and closure of the RM1 program, no further expenditures are anticipated.

Regional Measure 2 Projects

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

The RM2 Projects consist of 38 transit, highway and bridge enhancement and improvement projects to reduce congestion or to make improvements to travel in the toll bridge corridors. MTC may allocate funds from the Authority 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’s expenditures for RM2 Projects (excluding the funding of up to \$50 million for the new span of the Benicia-Martinez Bridge) aggregated approximately \$1.048 billion through August 31, 2014 out of the current approved budget of \$1.465 billion. Approximately \$417 million of RM2 Projects remain to be funded. Under the Act, the Authority is required to fund its specified RM2 Projects by issuance of additional toll bridge revenue bonds or transfer of toll bridge revenues in an amount not to exceed \$1.515 billion, but 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. See APPENDIX B – “REGIONAL MEASURE 2 PROJECTS (AS OF AUGUST 31, 2014)” for a listing of the RM2 Capital Projects.

Seismic Retrofit Program

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

The Seismic Retrofit Program projects initially included seismic upgrade work on the original Benicia-Martinez Bridge span, the east span of the Carquinez Bridge, the San Mateo-Hayward Bridge and

the Richmond-San Rafael Bridge, the west span, tunnel, and the current east span of the San Francisco-Oakland Bay Bridge, and the replacement of the east span and the west approach of the San Francisco-Oakland Bay Bridge. The Seismic Retrofit Program was expanded by legislation effective January 1, 2010 at the request of the Authority to include the Antioch Bridge and the Dumbarton Bridge. Other Seismic Retrofit Program projects are located in southern California and do not involve funds of the Authority. Caltrans administers all Seismic Retrofit Program project construction.

All of the Seismic Retrofit Program projects in the Bay Area have been completed, except for the demolition of the old east span of the San Francisco-Oakland Bay Bridge, which is underway as described below, and the completion of the pedestrian and bike pathway for the new east span, which will continue once demolition of the necessary sections of the old east span has occurred.

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 unique (different faults, different distances, etc.).

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

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

BRIDGE DESIGN BASIS AND SEISMIC STRATEGY STATUS

Bridge	Seismic Strategy
Antioch	“No Collapse” Strategy Avoid catastrophic failure
Benicia—Martinez	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
Carquinez	Intermediate Strategy Moderate to major damage expected
Dumbarton	Intermediate Strategy Moderate to major damage expected
Richmond—San Rafael	“No Collapse” Strategy Avoid catastrophic failure
San Francisco—Oakland Bay Bridge	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
San Mateo—Hayward	Intermediate Strategy Moderate to major damage expected

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” in the forepart of this Official Statement.

Oversight Committee. Legislation enacted in 2005 established the Toll Bridge Program Oversight Committee (the “Oversight Committee”) to provide project oversight and implement a 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 bid and 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 project progress reports that are reviewed and approved by the Oversight Committee are also 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.

Project Review. *The construction and administration of the Seismic Retrofit Program by Caltrans have been and continue to be subject to project oversight and review by various commissions, panels and review boards (collectively, the “Review Panels”) appointed by various entities including the California legislature, Caltrans and the Oversight Committee. The analysis conducted by the Review Panels includes, among other things, review of seismic design, construction quality and techniques, contract award and expenditures of funds in connection with carrying out the Seismic Retrofit Program.*

The Authority expects that the work of all or any portion of the Review Panels will be ongoing. The Authority cannot predict the nature, outcome or effect of the findings of any of the Review Panels.

Caltrans Inspections. In November 2011 a Caltrans foundation technician was allegedly found to be falsifying data collected on pilings on state highway construction. The same technician had worked on several toll bridge seismic retrofit projects, including the San Francisco-Oakland Bay Bridge, the Benicia-Martinez Bridge and the Richmond-San Rafael Bridge. This led the Toll Bridge Program Oversight Committee to request the Seismic Safety Peer Review Panel (the “SSPRP”) to conduct an independent and focused review of the construction of foundations for the SAS. The SSPRP, comprised of two structural engineers and one geotechnical engineer, released its report on March 23, 2012, concluding that SAS foundation piles were “designed, constructed, and tested in a way that meets or exceeds the state-of-practice and will result in a safe and reliable performance of the bridge.” The report also concluded there was no evidence that any data falsification occurred in the testing of the SAS foundation piles. The Senate Transportation and Housing Committee (the “Committee”) held a hearing on August 14, 2012 regarding safety concerns relating to bridges in the State. Representatives of Caltrans provided testimony to the effect that the new east span of the San Francisco-Oakland Bay Bridge is seismically safe.

At the request of the Oversight Committee, the SSPRP conducted a similar analysis of the foundation piers for the West Approach to the San Francisco-Oakland Bay Bridge, the new Benicia-Martinez Bridge and the Richmond-San Rafael Bridge. This analysis found no evidence of inadequate materials inspection.

Caltrans also conducted an internal review of inspection data from roadways and bridges throughout the State, including certain of the Bridges. Computer algorithms have been used to identify inspection files with data irregularities, and then Caltrans reviewed the identified files to determine the nature and significance of the irregularities. In January 2013, Caltrans released its GAMDAT Cases Structural Evaluation Report (the “GAMDAT Report”) setting out its internal review of gamma-gamma logging test (GAMDAT) inspection data from roadways and bridges throughout the State, including certain of the Bridges within the Bridge System. The key findings of the GAMDAT Report confirm that the foundation systems of the Bridges that were studied have adequate capacity to resist the imposed loads on such Bridges.

San Francisco-Oakland Bay Bridge – East Span Replacement and Funding Sources. The project for replacement of the east span of the San Francisco-Oakland Bay Bridge is 95% complete. The replacement span has been open to traffic for more than a year and the remaining project components needing completion are the Yerba Buena Island transition structures, scheduled for completion in 2016, the permanent bicycle and pedestrian pathway, scheduled for completion in 2015, and the dismantling of the old east span, scheduled for completion in 2018. Dismantling of the old span began in November 2013 and continues with the removal of the upper and lower concrete decks of the main cantilever section of the bridge. The main cantilever truss was cut in half in April 2014.

As of June 30, 2014, approximately \$5.886 billion (92%) of the \$6.397 billion forecasted cost of the new east span of the San Francisco-Oakland Bay Bridge had been expended. The remaining costs will be paid by the Authority from funds derived from various sources, including bridge tolls, investment earnings, and toll bridge revenue bond proceeds.

San Francisco-Oakland Bay Bridge - East Span Review of Anchor Rods. *The self-anchored suspension bridge component of the new eastern span of the San Francisco-Oakland Bay Bridge has three support piers, including the main tower. The easternmost support pier includes two columns that are capped and connected by a concrete crossbeam. The roadway above the crossbeam is connected to it*

by certain support and seismic elements designed to control movement of the roadway in ordinary conditions and in the event of a major earthquake. During installation, 32 of 96 steel rods used to tie such seismic supports to the crossbeam below broke when they were put under tension. Following these events, the Oversight Committee launched an investigation to determine why the steel rods broke and whether other rods on the new eastern span are at risk.

On July 8, 2013, the Oversight Committee released a report that sets out a chronology of events, an analysis of what may have caused the steel rods to be susceptible to failure, a description of the ongoing testing of steel rods on the eastern span and the test results to date, and the course of action needed to address the 32 broken rods and any other similar type rods (the “July 8, 2013 Report”). The July 8, 2013 Report includes a number of findings, including that the 32 steel rods broke as a result of factors including hydrogen embrittlement, and that certain design decisions, contract specifications, and testing and construction processes contributed to the failure of the 32 steel rods. The July 8, 2013 Report concluded that it was safe to open the new eastern span once a retrofit of the affected crossbeam is completed. At that time, the forecast completion date of the retrofit was December 2013. In support of these conclusions, the July 8, 2013 Report highlighted the safety benefits of moving traffic from the old eastern span to the new eastern span.

In addition, the July 8, 2013 Report also determined that the remaining similar type rods on the bridge were of better material properties and not subject to the hydrogen embrittlement like the 32 steel rods that broke. Approximately 830 steel rods were found in the report to be potentially susceptible to failure or cracking due to long term stress corrosion cracking over years and decades, but the report concluded that it was safe to open the new east span with these rods installed. The Oversight Committee has approved a robust testing program to assist in determining whether any potential additional remediation to the rods is needed. The results of this testing are not anticipated to be completed until next year.

On July 10, 2013, the Authority held a special meeting to receive a presentation from the Oversight Committee about the July 8, 2013 Report. The presentation summarized the July 8, 2013 Report and discussed the process for determining the opening date of the new eastern span. The Committee’s Seismic Peer Review Panel (the “Peer Review Panel”), comprised of three members of the National Academy of Engineering who are internationally recognized engineering experts, also gave a presentation. The Peer Review Panel expressed the view that the new eastern span should be opened as soon as practicable and offered an additional retrofit plan prepared by the bridge engineer that would allow the new eastern span to open before December 2013, while any permanent retrofit work is underway. The additional plan would insert shims into rocker bearings in the affected pier to help withstand possible loads generated during an earthquake

Following an evaluation of the materials presented, including the July 8, 2013 Report and materials presented at the July 10, 2013 special meeting by the Peer Review Panel, and several independent engineering reviews of the additional plan, the Oversight Committee took action on August 15, 2013 to approve implementation of the additional plan as an interim fix to the seismic system on the new eastern span of the Bay Bridge, and determined that the new eastern span of the Bay Bridge would open to traffic by 5 a.m. on Tuesday, September 3, 2013, following a five-day bridge closure beginning on the evening of Wednesday, August 28, 2013. The new eastern span of the Bay Bridge opened to traffic the evening of September 2, 2013.

Functional completion of the long term steel rod retrofit plan involving the installation of steel saddles to replace the lost clamping force of the 96 steel rods in the affected crossbeam was achieved in December 2013. The cost of remediation for the broken bolts was \$25 million. The cost of the retrofit is included in the reported project costs.

Samples of the remaining similar rods and bolts used on the bridge are currently being tested and evaluated. The cost of the testing is currently estimated to be \$17 million and [testing will be substantially complete in the fall of 2014]. One remaining test, designed to evaluate long-term corrosion risk, is expected to be completed in the spring of 2015. No additional rods or bolts have failed in service on the bridge.

Construction inspectors found that the steel rods anchoring the main cable for the SAS structure were out of alignment where they pass through the anchor plates, and in some cases were in contact with the anchor plates. Caltrans was able to fix the problem, for a cost of less than \$1.0 million, by loosening the nuts, allowing for realignment of misplaced rods to achieve proper design tolerances. This work has been completed.

In the course of ongoing inspections of the new eastern span of the Bay Bridge, Caltrans inspectors have also discovered that several of the galvanized steel rods that anchor the tower of the eastern span to its base have been exposed to water. The water has been drained from the area and inspectors are analyzing the rods and testing the water to determine the source of the water, the length of time the rods were exposed to water and whether any rods were compromised by corrosion. Caltrans plans to inspect all of the rod assemblies for water intrusion and take appropriate remedial action. Caltrans will update the Program Oversight Committee in November on its findings.

Transportation Committee Hearings and Related Investigation. The Senate Transportation and Housing Committee (the “Committee”) held an informational hearing on August 5, 2014 to receive reports and hear presentations of findings involving the development and construction of the eastern span of the San Francisco-Oakland Bay Bridge. The hearing was the eighth in a series of oversight hearings relating to the Bay Bridge project, the first of which occurred in November 2011. The reports received by the Committee during the August hearing discuss opportunities to improve management and operations of large infrastructure projects and costs of future maintenance and monitoring of the new Bay Bridge. None of the reports raise concerns about the safety of the Bay Bridge.

During prior hearings of the Committee allegations of negligence and wrongdoing were raised against Caltrans and bridge officials. The State Transportation Secretary ordered the California Highway Patrol (“CHP”) to conduct an administrative investigation in response to these allegations. The CHP’s investigation, titled “Inquiry Into Personnel Practices Associated with the San Francisco-Oakland Bay Bridge Project,” (the “CHP Report”) probes management of Bay Bridge construction and component fabrication that occurred more than five years ago, primarily overseas in China. The report does not address the safety of the Bay Bridge, an issue which was not in question. The conclusion of the CHP investigation and release of the CHP report found no violations of the California Whistleblower Protection Act, insufficient evidence to support a claim of collusion in the selection of the firm for the continuing quality assurance work in China, and no retaliation against employees. The totality of the evidence did not support any violation of law. The CHP Report identifies past management shortfalls and poor communication, which the State Transportation Secretary has requested be addressed through implementation of a new management structure by December 1, 2014.

Seismic Retrofit Program Capital Project Status

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

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

<u>Contract</u>	<u>Status</u>	<u>Current Approved Budget (as of June 30, 2014)</u>	<u>Forecast Cost at Completion (as of June 30, 2014)</u>	<u>Expenditures through June 30, 2014</u>
San Francisco-Oakland Bay Bridge–East Span Retrofit and Replacement	Under Construction	\$6,397.0	\$6,502.3	\$5,886.6
Antioch Bridge Retrofit	Completed	82.0	74.1	70.6
Dumbarton Bridge Retrofit	Completed	148.7	113.7	108.0
San Francisco-Oakland Bay Bridge–West Approach Replacement	Completed	469.7	457.4	451.3
San Francisco-Oakland Bay Bridge–West Span Retrofit	Completed	302.2	302.2	302.3
Richmond-San Rafael Bridge Retrofit	Completed	816.5	816.5	794.3
Benicia-Martinez Bridge Retrofit	Completed	177.8	177.8	177.8
Carquinez Bridge Retrofit	Completed	114.2	114.2	114.2
San Mateo-Hayward Bridge Retrofit	Completed	163.4	163.4	163.4
Vincent Thomas Bridge Retrofit	Completed	58.4	58.4	58.4
San Diego-Coronado Bridge Retrofit	Completed	102.6	102.6	102.6
Misc. Program Costs		30.0	30.0	25.5
Subtotal⁽¹⁾		\$8,862.5	\$8,912.6	\$8,255.1
Programmatic Risk		---	65.4	---
Program Contingency		89.5	(26.0)	---
Total⁽¹⁾		\$8,952.0	\$8,952.0	\$8,255.1

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

Source: Caltrans.

Program Contingency. *The Seismic Retrofit Program has a comprehensive risk management program to assess program and project risks, which includes a contingency fund. A comprehensive risk assessment is performed on a quarterly basis for each project in the Seismic Retrofit Program and used to develop forecast costs using the average cost of risk. These forecast costs can increase or decrease as risks are identified, resolved or retired. Current risks under review include, among other things, environmental challenges related to the dismantling of the old east span of the San Francisco-Oakland Bay Bridge, such as bird nesting deterrence, lead abatement, permitting and marine impacts and pier removal. As of the end of the second quarter of 2014, the 50 percent probable draw on the program contingency is \$115.5 million. The potential draw ranges from approximately \$50 million to \$180 million. The 50 percent probable draw exceeds the remaining program contingency balance of \$90 million. The Program Oversight Committee is working to identify additional cost-saving strategies to bring the two amounts into better balance. Further, as disclosed under “RISK FACTORS—Construction*

Delays and Cost Escalation” in the forepart of this Official Statement, a number of other factors could contribute to cost increases in the future, and thus it is possible that contingent costs of the Seismic Retrofit Program may exceed budgeted contingency amounts.

AB 1171 Capital Projects

Pursuant to legislation adopted in 2001 known as “AB 1171” excess toll revenue generated from the seismic surcharge after a specified commitment for funding the Seismic Retrofit Program projects is achieved is required to be collected by the Authority and remitted to fund transportation and transit projects similar to those authorized by RM1 and RM2. The amount of such funds currently is programmed by MTC to be \$570 million and has been budgeted by the Authority to fund specified transportation projects such as the Doyle Drive replacement project, the extension of the Bay Area Rapid Transit system to east Contra Costa County, the Transbay Transit Center, improvements to the interchange of Highway 80 and Highway 680, and other transit and corridor improvement projects. As of August 31, 2014 approximately \$319 million of the funds programmed have been spent on specified transportation projects.

Bridge Rehabilitation Program

In addition to the RM1 Projects, RM2 Projects and Seismic Retrofit Program projects, the Authority funds other capital rehabilitation and operational improvement projects on the Bridge System designed to maintain and ensure the long-term safe operation of the Bridge System and associated toll facilities. The Authority commissioned a study in 2011 to assess its planned maintenance, repair and rehabilitation schedules for the Bridge System. The Authority currently anticipates funding such rehabilitation and operational improvement projects in the amount of approximately \$60 million per Fiscal Year, on average. The Authority expects that actual maintenance, repair and rehabilitation costs will vary from year to year, largely as a result of the anticipated schedule for major rehabilitation of individual bridges, and that maintenance and repair costs generally will increase each year. The Bridges are inspected regularly, and from time to time those inspections identify necessary maintenance and repair work that is not anticipated in the schedule. Ongoing maintenance, repair and major rehabilitation work on the Bridges may require the temporary closure of a Bridge from time to time. The Authority anticipates undertaking major rehabilitation or replacement of one or more bridges in the Bridge System while its Bonds are Outstanding, but the Authority cannot predict the timing or costs of such work.

Additional Bridge Improvement Projects

From time to time, the Authority has funded bridge improvement projects based on findings that such projects will improve the functioning or use of one or more of the Bridges.

The Authority included approximately \$326 million in its capital budget for the FYE 2014 for bridge improvement projects consisting of the conversion of high-occupancy lanes to express lanes for the regional Express Lane Network (as defined herein). Revenue from the Express Lane Network is not pledged as a source of payment for the Authority’s Obligations. See “RELATED ENTITIES – Express Lane Network” for further information on the Express Lane Network.

The Transit Core Capacity Challenge Grant Program seeks to fund the replacement of all or a portion of the rolling stock of buses, streetcars and rail cars of the Alameda-Contra Costa Transit District, the San Francisco Municipal Transportation Agency and the Bay Area Rapid Transit District. The total estimated program cost is \$7.5 billion of which the Authority’s contribution in its capital budget is \$250 million as a bridge improvement project.

Anticipated Bond Issuances of the Authority

The Authority anticipates issuing additional toll bridge revenue bonds to fund capital projects under its current capital project programs. The Authority, by resolution of its governing board, has authorized the issuance of up to \$500,000,000 of Senior Bonds or Subordinate Bonds for capital projects prior to December 31, 2014 and may authorize the issuance of additional Bonds in the future. On August 5, 2014, the Authority issued \$200,000,000 of such authorized amount as Senior Bonds, 2014 Series F-1 and has \$300,000,000 remaining authority for issuance during calendar year 2014.

The Authority has also authorized the issuance of refunding Bonds and the termination of existing interest rate swaps and the execution of new interest rate swaps. Toll bridge revenue bonds may be issued on a parity with the outstanding Senior Bonds under the Senior Indenture or as Subordinate Bonds on a parity with the Subordinate Bonds under the Subordinate Indenture. Additional toll bridge revenue bonds could be issued for refunding or restructuring purposes, additional work on the Bridges or other purposes authorized by the Act.

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

LIQUIDITY, CASH RESERVES AND INVESTMENTS

Cash Reserves

The Authority’s budget for the Fiscal Year ending June 30, 2015, includes the continued maintenance of a \$1 billion reserve designated to provide liquidity for debt service, variable costs associated with variable rate demand bonds, rehabilitation and operational improvements on the Bridges, and operating and other expenses to help the Authority maintain operations through various emergency scenarios. As of June 30, 2014, the reserve was designated as follows: \$50 million in the Cooperative Agreement self-insurance emergency fund described below, \$150 million in the Operations and Maintenance fund described below for two years of Caltrans’ operation and maintenance of toll facilities, \$120 million for two years of rehabilitation expenses on the Bridges, \$580 million in project contingency and self-insurance reserves, and \$100 million in variable interest rate risk reserves.

[For a discussion of the Authority’s cash, cash equivalents and investments as of June 30, 2013, see Note 3 on pages 58-62, and page 72, of the MTC 2013 CAFR]. The Authority is authorized to use available cash and investments in connection with the issuance of additional toll bridge revenue bonds for refunding or restructuring purposes. See “CAPITAL PROJECTS AND FUNDING—Anticipated Bond Issuances of the Authority” in this Appendix A.

Operations and Maintenance Fund

The Senior Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund equals two times the budgeted expenditures for the Fiscal Year for Caltrans' operation and maintenance of toll facilities on the Bridges, including, but not limited to, toll collection costs, including wages and salaries. The principal amount held in the Operations and Maintenance Fund is to be used and withdrawn by the Authority solely to pay such expenses and is not pledged to the payment of the Authority's Secured Obligations. Interest and other income from the investment of money in the Operations and Maintenance Fund is pledged to the payment of the Authority's Secured Obligations. The Authority, in its budget for the Fiscal Year ending June 30, 2015, requires that the balance in the Operations and Maintenance Fund be maintained at \$150 million. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance" in this Appendix A.

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

Cooperative Agreement Self-Insurance Fund

Pursuant to its Cooperative Agreement with Caltrans, the Authority maintains a self-insurance fund. The Cooperative Agreement requires this fund to have a minimum balance of \$50 million, which would be available for reconstruction, repair and operations in the event of damage due to a major emergency that results in closure to traffic of a Bridge estimated to extend more than 30 days and to exceed \$10 million in cost. Pursuant to the Cooperative Agreement, replenishment of funds used for such repairs would be made by the Authority from bridge toll revenues. Upon agreement of Caltrans and the Authority, the minimum balance of the self-insurance fund may be reduced or eliminated in its entirety.

Neither the Authority nor Caltrans maintains business interruption insurance or any other commercially-available insurance with respect to damage to or loss of use of any of the Bridges.

Investment Policies

Funds of the Authority are invested with other funds of MTC and related entities 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 in 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 the [MTC 2013 CAFR at Notes 1.T starting on page 55, and in the discussion of "Derivative Instruments" on page 73], the Authority's investment income for the [FYE 2012 and 2013] 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 [\$77,359,772 in the FYE 2012 and a non-cash derivative investment gain of \$50,686,311 in the FYE 2013]. The Authority's Senior Indenture and Subordinate Indenture do not require the Authority to take that non-cash charge into account in calculating Revenue or for purposes of the additional bonds tests and the rate covenants described under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" in the forepart of this Official Statement.

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 48 and page 58, respectively, of the MTC 2013 CAFR].

Investment Portfolio

As of August 31, 2014, the average maturity of the investment portfolio of MTC, which includes investments on behalf of the Authority, was 282 days, with an average yield to maturity of approximately 0.19%.

INVESTMENT PORTFOLIO INFORMATION⁽¹⁾
as of August 31, 2014

<u>Investments</u>	<u>Percent of Portfolio</u>	<u>Par Value</u>	<u>Market Value</u>
Cash	9.8%	\$ 371,970,431	\$ 371,970,431
Government Sponsored Enterprises ⁽²⁾	66.6%	2,529,675,000	2,529,591,925
Municipal Bonds	3.5%	134,720,000	134,720,000
Certificates of Deposit	5.2%	199,000,000	199,007,933
Commercial Paper	1.3%	50,000,000	49,976,083
Corporate Bonds	0.7%	25,080,000	25,162,828
Mutual Funds	3.8%	141,941,241	141,941,241
Government Pools ⁽³⁾	Less than 0.1%	1,853,416	1,853,416
CalTrust Heritage Money Market	7.9%	299,568,776	299,568,776
California Asset Management Program	1.2%	47,277,588	47,277,588
TOTAL INVESTMENTS	100.0%	\$3,801,086,452	\$3,801,070,221

⁽¹⁾ The investment portfolio includes funds of MTC and related entities and trustee held funds, approximately \$2.8 billion of which are funds of the Authority.

⁽²⁾ Federal Home Loan Mortgage Corp., Federal Home Loan Banks, Federal National Mortgage Association and Federal Farm Credit Bank.

⁽³⁾ Local Agency Investment Fund maintained by the Treasurer of the State of California and the County of Alameda, California Treasurer's Investment Pool.

Source: MTC Monthly Investment Report.

OUTSTANDING AUTHORITY OBLIGATIONS

Outstanding Senior Bonds and Senior Obligations

As of October 1, 2014, the Authority had outstanding Senior Bonds in the aggregate principal amount of \$5,642,030,000 comprised of: (i) \$2,990,395,000 of fixed rate bonds; (ii) \$400,000,000 variable rate demand bonds bearing interest at a Weekly Rate; (iii) \$745,000,000 of bonds bearing interest at Index Rates tied to the SIFMA Swap Index; (iv) \$155,000,000 of bonds bearing interest at an Index Rate tied to 67% of 3-month LIBOR; and (v) \$1,351,635,000 bonds bearing interest at Term Rates, all as more specifically set forth herein.

Fixed Rate Bonds. The following are outstanding Senior Bonds that bear interest at a Fixed Rate:

<u>Bonds</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rate</u>
San Francisco Bay Area Toll Bridge Revenue Bonds, 2006 Series F	\$73,050,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series F	\$58,620,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2009 Series F-1 ⁽¹⁾	\$451,200,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2009 Series F-2	\$1,300,000,000	Fixed (Taxable)
San Francisco Bay Area Toll Bridge Revenue Bonds, 2012 Series F-1	\$907,525,000	Fixed
San Francisco Bay Area Toll Bridge Revenue Bonds, 2014 Series F-1	<u>\$200,000,000</u>	Fixed
TOTAL	<u>\$2,990,395,000</u>	

⁽¹⁾ The Authority expects to use a portion of the proceeds of the 2014 Variable Rate Senior Bonds to defease all or a portion of the 2009 Series F-1 Bonds.

Weekly Rate Bonds. The following are outstanding Senior Bonds that bear interest at a Weekly Rate, together with the letter of credit provider and expiration date for each Series of such Senior Bonds:

<u>Bonds</u>	<u>Outstanding Principal Amount</u>	<u>Letter of Credit Provider</u>	<u>Expiration Date</u>
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series G-1	\$50,000,000	U.S. Bank National Association	October 16, 2017
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series A-2	\$75,000,000	The Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch	October 16, 2019
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series B-2	\$75,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	October 16, 2019
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series C-2	\$25,000,000	The Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch	October 16, 2019
San Francisco Bay Area Toll Bridge Revenue Bonds, 2007 Series D-2	\$100,000,000	Bank of America, N.A.	October 16, 2019
San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series C-1	\$25,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	October 16, 2019
San Francisco Bay Area Toll Bridge Revenue Bonds, 2008 Series E-1	\$50,000,000	The Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch	October 16, 2019
TOTAL	<u>\$400,000,000</u>		

Term Rate and Index Rate Bonds. The following are outstanding Senior Bonds that bear interest at a Term Rate or Index Rate, as described below, and are not supported by a letter of credit or liquidity facility:

<u>Series</u>	<u>Principal Amount</u>	<u>Term Rate</u>	<u>Index Rate</u>	<u>Purchase Date Following End of Index Rate or Term Rate Period⁽¹⁾</u>
2001 Series A (Francis F. Chin Issue)	\$150,000,000		SIFMA Swap Index plus 1.25%	April 1, 2027
2006 Series C-1	125,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2006 Series C-2	100,000,000	1.45%		August 1, 2017
2006 Series C-3	25,000,000	1.45%		August 1, 2017
2006 Series C-4	25,000,000	1.45%		August 1, 2017
2007 Series A-1	50,000,000		SIFMA Swap Index plus 0.70%	October 1, 2019
2007 Series C-1	50,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2007 Series E-3	100,000,000		SIFMA Swap Index plus 0.70%	October 1, 2019
2008 Series A-1	110,000,000		SIFMA Swap Index plus 0.90%	May 1, 2023
2008 Series B-1	110,000,000		SIFMA Swap Index plus 1.10%	April 1, 2024
2008 Series D-1	155,000,000		67% of 3-month LIBOR plus 0.80%	August 1, 2017
2008 Series G-1	50,000,000		SIFMA Swap Index plus 1.10%	April 1, 2024
2014 Series A	247,445,000	1.00%		April 3, 2017
2014 Series B	552,085,000	1.50%		April 2, 2018
2014 Series C	402,105,000	1.875%		April 1, 2019
TOTAL	<u>\$2,251,635,000</u>			

⁽¹⁾ The Authority expects funds from remarketing to be applied to pay the purchase price of such Bonds upon mandatory tender. The Authority is not obligated to provide any other funds for the purchase of such Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay such Bonds upon mandatory tender. If there are insufficient funds to purchase any Series of Bonds identified in the table above at the end of any Term Rate Period or Index Rate Period, the owners of such Bonds will retain such Bonds and such Bonds will bear interest at the Stepped Rate. In its Pricing Notices for each Series of Bonds identified in the table above, the Authority specified that the Stepped Rate Index for such Bonds is the SIFMA Swap Index.

Outstanding Subordinate Bonds

As of October 1, 2014, the Authority had outstanding \$3,285,000,000 aggregate principal amount of fixed rate Subordinate Bonds secured by a pledge of Revenue that is subordinate to the pledge of Revenue securing the Remarketed Bonds.

<u>Bonds</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rate</u>
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-1	\$1,500,000,000	Fixed (Taxable)
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-2	\$410,000,000	Fixed
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2010 Series S-3	\$475,000,000	Fixed (Taxable)
San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2013 Series S-4	\$900,000,000	Fixed
TOTAL	<u>\$3,285,000,000</u>	

Qualified Swap Agreements

The Authority currently has outstanding seventeen Qualified Swap Agreements with seven counterparties that, as of October 1, 2014, had an aggregate notional amount of \$1,924,145,000. Of these, thirteen, having an aggregate notional amount of \$1,440,000,000, are agreements pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index and four of these, having an aggregate notional amount of \$484,145,000, 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 and the governing board has authorized the Authority to enter into additional Qualified Swap Agreements.

For a discussion of the Authority's outstanding Qualified Swap Agreements as of [June 30, 2013, see "Note 5—Derivative Instruments" and "—Objective and Terms of Hedging Derivative Instruments" on pages 73-77 and Schedules 16 through 20 on pages 116-120, of the MTC 2013 CAFR].

Each Qualified Swap Agreement may terminate prior to its scheduled termination date and prior to the maturity of the Senior Bonds to which it relates. As of September 30, 2014, the aggregate mark-to-market (including accrued interest) of the Qualified Swap Agreements pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index is approximately \$384.2 million, payable by the Authority and the aggregate mark-to-market (including accrued interest) of the Qualified Swap Agreements pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate is approximately \$12.5 million, payable to the Authority.

Each Qualified Swap Agreement pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate may be terminated in whole or in part at the option of the counterparty on April 1, 2018. No payment would be due from the Authority or the counterparty if the option is exercised, other than net accrued interest for the then-current calculation period until that date.

There are no automatic termination events under any of the Authority's Qualified Swap Agreements, except in the case of bankruptcy under certain circumstances.

Each of the Authority's Qualified Swap Agreements may be terminated at the option of the Authority or its counterparty upon the occurrence of certain events. Such events include, among other events, the election of the Authority to terminate (in its sole discretion) at any time and the election of the counterparty to terminate if the Authority's unenhanced Senior Bond credit rating is withdrawn, suspended or reduced below "BBB-" by Standard & Poor's (or in certain cases below "BBB" or "BBB+") or is withdrawn, suspended or reduced below "Baa3" by Moody's (or in certain cases below "Baa2" or "Baa1") and that withdrawal, suspension or reduction continues for five business days. In the event a Qualified Swap Agreement is so terminated, a termination payment will be payable by either the Authority or the counterparty, depending on market conditions and the specific provisions of the Qualified Swap Agreement. Any such termination payment payable by the Authority could be substantial. Termination payments payable pursuant to Qualified Swap Agreements are payable on parity with the Subordinate Bonds and constitute "Parity Obligations" under the Subordinate Indenture.

The Authority is not required to post collateral under its Qualified Swap Agreements. The counterparties are not required to post collateral unless they are rated below either "AA-" by Standard & Poor's or "Aa3" by Moody's. Each swap counterparty is required to post collateral to the Authority to secure its exposure in excess of \$10 million if the counterparty is rated between either "A+" and "A-" by Standard & Poor's or "A1" and "A3" by Moody's. However, each counterparty must secure its entire exposure if it is rated below either "A-" by Standard & Poor's or "A3" by Moody's.

Additionally, each of the Qualified Swap Agreements provide the Authority with the right to terminate if the rating of the counterparty (or, if applicable, its credit support provider) to the agreement is withdrawn, suspended or reduced below specified levels by either Standard & Poor's or Moody's. As a result of a downgrade by Moody's of Morgan Stanley Capital Services LLC (formerly Morgan Stanley Capital Services Inc.) ("MSCS"), the Authority and MSCS entered into an Amendment and Waiver Agreement dated as of January 22, 2014 (the "MSCS Amendment"), to the Qualified Swap Agreement dated as of January 14, 2002 between the Authority and MSCS. Pursuant to the MSCS Amendment, the Authority agreed to revise the ratings trigger for termination to a reduction in MSCS rating below BBB-/Baa3, in exchange for a reduction in the fixed interest rate payable by the Authority for a three year period from January 1, 2014 to but excluding January 1, 2017.

The Authority terminates, novates and amends existing swaps and enters into new swaps from time to time. Since November 2013, there have been several changes to the Authority's portfolio of swaps, in addition to the modification of the swap with MSCS discussed above. First, the Authority amended two swaps with Bank of America, N.A. and one swap with The Bank of New York Mellon to decrease the fixed rates payable by those counterparties in exchange for the extension from April 1, 2014 to April 1, 2018 of an optional right to terminate by those counterparties with respect to which no termination payment would be made by either party. Also, JP Morgan Chase Bank, N.A. exercised its option to terminate one of its swaps with the Authority as of April 1, 2014, with no termination payment payable by either party. To replace this swap, the Authority entered into a new swap with Wells Fargo Bank, N.A. on March 31, 2014, under which the Authority pays a variable rate based on an index and receives a fixed rate from the counterparty.

LIBOR Litigation. From time to time, the Authority has entered into interest rate swap contracts under which periodic payments to the Authority are calculated based on the U.S. dollar London InterBank Offered Rate (LIBOR). LIBOR is a benchmark rate calculated using an average of daily estimates of the interest rates at which a panel of international banks are prepared to lend unsecured funds to one another. LIBOR rates are set for several maturities (for example, 1-month, 3-months and 6-months) and several currencies, including the U.S. dollar. The panel banks are primarily selected by the British Bankers' Association, which owns LIBOR.

On March 31, 2014 the Authority initiated litigation against 25 named defendants in the United States District Court for the Northern District of California seeking recovery for damages allegedly suffered by the Authority under interest rate swap contracts with the panel banks and other counterparties resulting from the alleged manipulation of U.S. dollar LIBOR between August 2007 and May 2010 (the “LIBOR Litigation”). The LIBOR Litigation is currently being conducted in the United States District Court Southern District of New York where the Authority recently filed an amended complaint.

The defendants named by the Authority include Bank of America Corporation, Barclays Bank, plc, British Bankers’ Association, Citigroup, Inc. and Citibank, N.A., Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A., Credit Suisse Group AG, Deutsche Bank AG, HSBC Holdings plc, JPMorgan Chase & Co., Lloyds Banking Group plc, Societe Generale, The Norinchukin Bank, Royal Bank of Canada, The Royal Bank of Scotland plc, The Bank of Tokyo-Mitsubishi UFJ Ltd., UBS AG, and Portigon AG. The defendants deny the allegations.

The LIBOR Litigation asserts, among other things, that the panel banks secretly manipulated U.S. dollar LIBOR downward by making suppressed submissions that did not accurately reflect their expected borrowing rate. According to the complaint, this, in turn, resulted in lower amounts being payable to the Authority by certain of its interest rate swap counterparties. A number of the panel banks have settled enforcement actions initiated by United Kingdom, Swiss, and United States authorities. As of several months ago, publicly available data indicated that \$5 billion in regulatory penalties and disgorgements have been levied on certain of the panel banks, with more proceedings ongoing by various regulatory authorities globally.

As described above, the Authority has initiated the LIBOR Litigation against certain counterparties, which are identified in the table below.

**Qualified Swap Agreements
as of October 1, 2014**

Counterparty	Notional Amount	Rate Paid by Authority	Rate Received by Authority
Bank of America, N.A. ⁽¹⁾	\$30,000,000 amortizing to \$0 by April 1, 2045	3.633% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
Bank of America, N.A. ⁽¹⁾	\$50,000,000 amortizing to \$0 by April 1, 2047	3.6255% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
Bank of America, N.A. ⁽¹⁾	\$160,000,000 amortizing to \$0 by April 1, 2045 ⁽³⁾	A floating per annum rate based on the SIFMA Swap Index ⁽⁴⁾	3.395% per annum
Bank of America, N.A. ⁽¹⁾	\$125,000,000 amortizing to \$0 by April 1, 2045	3.6418% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
Bank of America, N.A. ⁽¹⁾	\$40,000,000 amortizing to \$0 by April 1, 2047 ⁽³⁾	A floating per annum rate based on the SIFMA Swap Index ⁽⁴⁾	3.55% per annum

Counterparty	Notional Amount	Rate Paid by Authority	Rate Received by Authority
Citibank, N.A. ⁽¹⁾	\$115,000,000 amortizing to \$0 by April 1, 2045	3.6375% per annum	A floating per annum rate based on 53.80% of the one- month LIBOR Index ⁽²⁾ plus 0.74%
Citibank, N.A. ⁽¹⁾	\$260,000,000 amortizing to \$0 by April 1, 2047	3.636% per annum	A floating per annum rate based on 53.80% of the one- month LIBOR Index ⁽²⁾ plus 0.74%
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$85,000,000 amortizing to \$0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$60,000,000 amortizing to \$0 by April 1, 2045	3.6418% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
JPMorgan Chase Bank, N.A. ⁽¹⁾	\$245,000,000 amortizing to \$0 by April 1, 2045	4.00% per annum	A floating per annum rate based on 75.105% of the one-month LIBOR Index ⁽²⁾
Morgan Stanley Capital Services Inc.	\$75,000,000, amortizing to \$0 by April 1, 2036	4.09% per annum (except 3.34% from 1/1/2014 through 12/31/2016)	A floating per annum rate based on 65% of the one- month LIBOR Index ⁽²⁾
The Bank of New York Mellon	\$146,445,000 amortizing to \$0 by April 1, 2047 ⁽³⁾	A floating per annum rate based on the SIFMA Swap Index ⁽⁴⁾	3.2525% per annum
The Bank of New York Mellon	\$170,000,000 amortizing to \$0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
The Bank of New York Mellon	\$40,000,000 amortizing to \$0 by April 1, 2047	3.6357% per annum	A floating per annum rate based on 68% of the one- month LIBOR Index ⁽²⁾
Wells Fargo Bank, N.A.	\$75,000,000 amortizing to \$0 by April 1, 2036	4.10% per annum	A floating per annum rate based on 65% of the one- month LIBOR Index ⁽²⁾
Wells Fargo Bank, N.A.	\$110,000,000 amortizing to \$0 by April 1, 2045	3.6375% per annum	A floating per annum rate based on 53.80% of the one- month LIBOR Index ⁽²⁾ plus 0.74%
Wells Fargo Bank, N.A.	\$137,700,000 amortizing to \$0 by April 1, 2047 ⁽³⁾	A floating per annum rate based on the SIFMA Swap Index ⁽⁴⁾	3.10% per annum

⁽¹⁾ Named Defendant in LIBOR Litigation described in “OTHER AUTHORITY OBLIGATIONS – Qualified Swap Agreement – LIBOR Litigation.”

⁽²⁾ Defined, generally, as the average interest rate at which a selection of banks in London are prepared to lend to one another in United States dollars with a maturity of one month.

⁽³⁾ Counterparties have the right to cancel the Qualified Swap Agreement on April 1, 2018, without termination payments.

⁽⁴⁾ Defined, generally, as a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations as produced by Municipal Market Data and made available by Bloomberg.

HISTORICAL AND PROJECTED REVENUE AND DEBT SERVICE COVERAGE

Historical Revenue and Debt Service Coverage

The following table sets forth Bridge System historical revenue and debt service coverage for the FYE 2010 through 2014. Information in the table is intended to provide potential investors with information about revenues and gross debt service coverage. The presentation is not prepared in accordance with generally accepted accounting principles and could differ from comparable presentations by other similar organizations. This table does not calculate coverage ratio covenants or additional bonds tests that are discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS” in the forepart of this Official Statement and in APPENDIX C—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” and APPENDIX D—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.” Generally swap rates are used for variable rate demand bonds that have corresponding qualified swap agreements, the interest rates on taxable Build America Bonds are net of the expected subsidy payments, which payments are excluded from revenues, and bank fees are excluded from debt service.

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

Fiscal Year Ended June 30,	2010	2011	2012	2013	2014
Revenue					
Bridge Toll Revenues	\$ 466,086	\$ 597,362	\$ 625,863	\$ 652,975	
Interest Earnings ⁽¹⁾	8,678	12,059	6,800	3,021	
Other Revenues ⁽²⁾	19,275	18,459	17,681	16,507	
Senior Bond Subsidy Payments ⁽³⁾	18,681	--	--	--	
Total Revenue Under Senior Indenture [A]	\$ 512,720	\$ 627,880	\$ 650,344	\$ 672,503	
Debt Service on Senior Bonds and Parity Obligations⁽³⁾ [B]	\$ 260,166	\$ 263,724⁽⁴⁾	\$ 262,693	\$ 256,775⁽⁷⁾	
Gross Senior Debt Service Coverage [A/B]	1.97x	2.38x	2.47x	2.62x	
Less Maintenance and Operation Expenses [C]		(80,993 ⁽⁵⁾)	(80,488 ⁽⁵⁾)	(92,833 ⁽⁵⁾)	
Total Available Revenue Under Subordinate Indenture⁽⁶⁾ [A-C = D]		\$ 546,887⁽⁴⁾	\$ 569,856	\$ 579,670	
Debt Service on Senior Bonds, Parity Obligations and Subordinate Bonds⁽³⁾ [E]		\$ 359,063⁽⁴⁾	\$ 372,247	\$ 368,958⁽⁷⁾	⁽⁷⁾
Gross Debt Service Coverage [D/E]		1.52x	1.53x	1.57x	

⁽¹⁾ Does not reflect non-cash derivative investment charges or gains that do not reduce or increase Revenue under provisions of the Senior Indenture. See “LIQUIDITY, CASH RESERVES AND INVESTMENTS—Investment Policies.”

⁽²⁾ Consists of, among other things, violation revenues. Includes transfers from MTC relating to interest on BART’s loan payment.

⁽³⁾ Senior Bond Subsidy Payments consist of a 35% federal interest subsidy for the 2009 Series F-2 Bonds issued under the Build America Bond program which the Authority received in the FYE 2010. Beginning in the FYE 2011 debt service on all Senior Bonds and Subordinate Bonds issued under the Build America Bond

program is calculated net of such Bond Subsidy Payments that are actually received and such payments are excluded from Available Revenue.

- (4) As a result of implementing GASB 62 and GASB 65 in fiscal year 2012, the Authority restated its fiscal year 2011 financial information which decreased the debt service calculations.
- (5) [Includes the Authority's operating expenses (\$54.9 million, \$52.9 million and \$64.7 million for the FYE 2011, 2012 and 2013, respectively), operating expenses incurred by Caltrans (\$23.1 million, \$23.8 million and \$24.6 million for the FYE 2011, 2012 and 2013, respectively), and operating expenses of the Transbay Joint Powers Authority (\$3.0 million, \$3.7 million and \$3.5 million for the FYE 2011, 2012 and 2013, respectively).]
- (6) No Subordinate Indenture existed prior to the FYE 2011.
- (7) Including accrual of interest less Build America Bonds Subsidy, which subsidy was reduced by approximately 8.7% in calendar year 2013 and 7.2% in calendar year 2014 as a result of the sequestration order. See "RISK FACTORS—Risk of Non-Payment of Direct Subsidy Payments" in the forepart of this Official Statement.

Source: The Authority.

Projected Revenue, Operations & Maintenance Expenses and Debt Service Coverage

The following table sets forth projected revenues and expenditures of the Authority and projected debt service coverage for its fiscal years ending June 30, 2015 through 2019.

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

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

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

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

	Fiscal Year Ending June 30,				
	2014 ⁽²⁾	2015	2016	2017	2018
Senior Obligation Debt Service					
A Bridge Toll Revenues ⁽³⁾	\$654,129	\$657,400	\$660,687	\$663,990	\$667,310
B Interest Earnings ⁽⁴⁾	10,441	10,644	15,564	13,789	11,952
C Other Revenues ⁽⁵⁾	23,317	23,434	23,551	23,669	23,787
D Total Revenue Under Senior Indenture	<u>687,888</u>	<u>691,478</u>	<u>699,802</u>	<u>701,448</u>	<u>703,050</u>
E Existing Senior Bonds and Parity Obligations ⁽⁶⁾	275,247	239,100	255,387	251,143	260,062
F Additional Senior Bonds ⁽⁷⁾	—	—	5,220	5,220	5,220
G Total Senior Bonds and Parity Obligations	<u>275,247</u>	<u>239,100</u>	<u>260,607</u>	<u>256,363</u>	<u>265,282</u>
H Senior Debt Service Coverage (D/G)	2.50	2.89	2.69	2.74	2.65
Projected Subordinate Bond Debt Service					
I Total Revenue Under Subordinate Indenture	<u>687,888</u>	<u>691,478</u>	<u>699,802</u>	<u>701,448</u>	<u>703,050</u>
J Debt Service on Senior Bonds and Parity Obligations	275,247	239,100	260,607	256,363	265,282
K Existing Subordinate Bond Debt Service ⁽⁸⁾	143,531	157,403	155,673	155,673	155,673
L Additional Subordinate Bond Debt Service	—	—	—	—	—
M Aggregate Debt Service	<u>418,777</u>	<u>396,503</u>	<u>416,279</u>	<u>412,035</u>	<u>420,954</u>
N Gross Aggregate Debt Service Coverage (I/M)	1.64	1.74	1.68	1.70	1.67
O Total Revenue Under Subordinate Indenture	687,888	691,478	699,802	701,448	703,050
P Less: Maintenance and Operations Expenses ⁽⁹⁾	(97,849)	(95,269)	(103,723)	(105,512)	(107,346)
Q Net Available Revenue Under Subordinate Indenture	<u>\$590,039</u>	<u>\$596,208</u>	<u>\$596,079</u>	<u>\$595,936</u>	<u>\$595,704</u>
Net Aggregate Debt Service Coverage (M/Q)	1.41	1.50	1.43	1.45	1.42

⁽¹⁾ Reflects issuance of approximately \$1.4 billion of 2014 Series F-1, 2014 Series A, 2014 Series B and 2014 Series C bonds as well as \$300 million of additional bonds in Fiscal Year 2015, as discussed above under “— Anticipated Bond Issuances of the Authority.” This table does not calculate coverage ratio covenants or additional bonds tests that are discussed in the forepart of the Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS” and in “APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” and “APPENDIX D – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE”.

⁽²⁾ The projected numbers for FYE 2014 presented in the Table have not been updated with unaudited, actual numbers for FYE 2014.

⁽³⁾ The projected Bridge Toll Revenues assume FYE 2014 traffic is the same as FYE 2013 traffic and grows at 0.50% annually thereafter. In accounting for peak traffic tolling, instead of actual revenues, it is assumed that the average 2-axle toll rate on the San Francisco-Oakland Bay Bridge is \$5.00.

⁽⁴⁾ Assumes average interest earnings on cash balances including debt service reserve funds of 0.46% in Fiscal Year 2014 (actual earnings rate to date is approximately 0.16%), 0.46% in Fiscal Year 2015, 0.74% in Fiscal Year 2016, 0.74% in Fiscal Year 2017 and 0.74% in Fiscal Year 2018.

⁽⁵⁾ Other Revenues include revenues from toll violations and Electronic Toll Collection Reimbursement. Electronic Toll Collection Reimbursements are revenues of the Authority not pledged under the Indenture, this amounted to \$7.2 million in FYE 2013. The same growth rate as Bridge Toll Revenues of 0.50% annually after FYE 2014 is assumed for Other Revenues.

- (6) Reflects actual interest rates for outstanding fixed rate Senior Bonds. Assumes an interest rate per annum for hedged variable rate Senior Bonds equal to the fixed rate payable under related interest rate swap arrangements plus any fixed spread on relevant bonds while in an Index Mode. See “SUMMARY OF FINANCING PLAN” in the forepart of this Official Statement. Assumes an interest rate of 0.46% on unhedged variable rate bonds in Fiscal Years 2014 and 2015 and 0.74% thereafter. Assumes the actual term rate of 1.45% through the end of the term period and then projected rate assumptions of 5.25% from August 1, 2017 through maturity on the unhedged 2006 Series C-2, 2006 Series C-3 and 2006 Series C-4 bonds. Assumes the actual term rate of 1.00% for the 2014 Series A Bonds, 1.500% for the 2014 Series B Bonds and 1.875% for the 2014 Series C Bonds through the end of their respective term periods and then projected rate assumptions of 3.37% thereafter to maturity for each respective series of bonds. Does not include ongoing remarketing fees, liquidity fees and any basis risk for the Senior Bonds. The annual remarketing and liquidity facility fees for Fiscal Year 2013 were \$10.40 million. Except for Fiscal Years 2014 and 2015, debt service shown is net of the full 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received \$1.2 million and \$1.0 million less in Build America Bond subsidy payments than expected for the October 1, 2013 and April 1, 2014 debt service payments, respectively. Debt service shown accounts for this lack of subsidy payments and assumes the October 1, 2014 subsidy payment will be reduced by the same amount as the April 1, 2014 payment. It is assumed that the full subsidy will be received on April 1, 2015 and will continue throughout the life of the affected bonds. See “RISK FACTORS — Risk of Non-Payment of Direct Subsidy Payments” in the forepart of this Official Statement.
- (7) Assumes \$300 million of Senior Lien variable rate bonds at an interest rate of 1.74% are issued in Fiscal Year 2015.
- (8) Reflects the actual interest rates for outstanding fixed rate Subordinate Bonds. Except for Fiscal Years 2014 and 2015, debt service shown is net of the full 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received \$2.1 million and \$1.7 million less in Build America Bond subsidy payments than expected for the October 1, 2013 and April 1, 2014 debt service payments, respectively. Debt service shown accounts for this lack of subsidy payments and assumes the October 1, 2014 subsidy payment will be reduced by the same amount as the April 1, 2014 payment. It is assumed that the full subsidy will be received on April 1, 2015 and will continue throughout the life of the affected bonds.
- (9) Includes Maintenance and Operation Expenses as defined in the Subordinate Indenture and additional maintenance and expenses for Electronic Toll Collections on behalf of entities other than the Bay Area Toll Authority. Significant increase in Fiscal Year 2016 reflects expected increase in maintenance expense associated with the completion of construction on the East Span of the San Francisco-Oakland Bay Bridge. Assumed growth at a rate of 1.7% after Fiscal Year 2016. See “APPENDIX D – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE”.

Source: The Authority.

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

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

OTHER AUTHORITY OBLIGATIONS

Credit Facilities

On October 16, 2014, the Authority entered into a Reimbursement Agreement with certain banks and with Bank of America, N.A., as agent for such banks, pursuant to which the banks provided irrevocable, direct-pay letters of credit (the “Letters of Credit”) for the Authority’s outstanding variable rate Senior Bonds. See “OUTSTANDING AUTHORITY OBLIGATIONS – Outstanding Senior Bonds and Senior Obligations – Weekly Rate Bonds.”

The Letters of Credit are available to be drawn on for funds to pay principal of and interest on the applicable Senior Bonds and payment of the Purchase Price for such Senior Bonds tendered for purchase or subject to mandatory purchase in accordance with the Senior Indenture and not remarketed. Senior Bonds so purchased with proceeds of draws under the Letters of Credit (“Credit Provider Bonds”) will continue to be Senior Bonds under the Senior Indenture payable on a parity basis with other Senior Bonds, but they will bear interest at the applicable rate of interest set forth in the Reimbursement Agreement. Reimbursement obligations created by unreimbursed principal and interest draws under the Letter of Credit will be Senior Parity Obligations, payable on a parity basis with Senior Bonds. Under the Reimbursement Agreement, fees and other payments due to the banks providing the Letters of Credit are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Senior Indenture Trustee. The Authority’s obligation to pay interest on reimbursement obligations and on Credit Provider Bonds evidencing the Authority’s obligation to pay amounts advanced under the Letters of Credit can be as high as 15% per annum.

The Letters of Credit will expire on the dates shown on the table above. An extension of the Letters of Credit or the substitution of another liquidity facility for the Remarketed Bonds is required by the Indenture until the supported Senior Bonds are retired or changed to bear interest, as permitted by the Indenture, at a Fixed Rate, a Term Rate, a Commercial Paper Rate, or an Index Rate. The scheduled expiration or the termination by the Authority of a Letter of Credit will, and the substitution of another liquidity facility may, result in a mandatory purchase of the Senior Bonds supported by such Letter of Credit as explained under APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – [Mandatory Tender].

The Authority’s obligation to reimburse the banks on account of the purchase of the Authority’s Senior Bonds that are tendered for purchase and not successfully remarketed may, under specified circumstances, be converted to a liquidity advance, evidenced by a “Bank Bond.” In such a case, the Reimbursement Agreement requires the Authority to redeem any Bank Bond that is not remarketed in 13 equal quarterly installments beginning on the first Business Day of the twenty-fourth calendar month immediately following the purchase of the Bank Bond by the applicable bank, but that amortization period may be accelerated by the banks in the event of the occurrence of an event of default under the Reimbursement Agreement. Events of default under the Reimbursement Agreement include, among other events, the failure of the Authority to pay debt service on its Senior Bonds or Subordinate Bonds as and when due, the default by the Authority in the observance or performance of covenants or agreements in the Reimbursement Agreement or related documents, and a reduction in the long-term unenhanced ratings of any Senior Obligations below “BBB-“, “BBB-“ and “Baa3,” respectively by any two of Fitch, S&P or Moody’s, or a withdrawal or suspension for credit-related reasons of such ratings by any two of such rating agencies. The Indenture requires Bank Bonds of a Series to be remarketed prior to the remarketing of any other remarketed Bonds of such Series tendered for purchase or subject to mandatory purchase.

In addition, in order for a liquidity drawing to be converted to a liquidity advance under the Reimbursement Agreement, certain preconditions must be satisfied by the Authority. These include, in addition to there being no event of default under the Reimbursement Agreement, the requirement that the Authority be able to make, as of the conversion date, certain representations and warranties set forth in the Reimbursement Agreement, including representations regarding the absence of certain litigation or legislation. Such representations may not be possible under circumstances that are beyond the control of the Authority. If the preconditions to the conversion to a liquidity advance cannot be met, the liquidity drawing is due and payable immediately by the Authority. Liquidity drawings and liquidity advances under the Reimbursement Agreement are required to be paid on a parity with the Senior Bonds and prior to the Subordinate Bonds.

The Authority has authorized the remarketing of Variable Rate Bonds from a Weekly Rate to a Term Rate or an Index Rate. See “CAPITAL PROJECTS AND FUNDING—Anticipated Bond Issuances of the Authority” in this Appendix A.

Further Subordinated Obligations

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

CalPERS and MTC Retirement Plan

MTC, which includes the Authority, provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the “MTC Plan”), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The MTC Plan is part of the Public Agency portion of the California Public Employees’ Retirement System (“CalPERS”). CalPERS provides an actuarially determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by MTC, a proportionate share of which is allocated to the Authority. All information presented below is for MTC, which includes salary and benefit costs of the employees of the Authority. [See Note 1.K and Note 8, on pages 51 and 83, respectively of the MTC 2013 CAFR for additional information on MTC’s retirement plan.]

In October 2013 MTC received from CalPERS its MTC Plan Annual Valuation Report as of June 30, 2012 (the “CalPERS 2012 MTC Plan Report”), which included, among other things projected future contribution rates for the MTC plan. CalPERS also indicated that beginning with the June 30, 2013 valuations that set the 2015-16 contribution rates, it will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will account for all investment gains and losses over a fixed 30-year period with the increases or decreases in the contribution rate spread directly over a 5-year period. According to the CalPERS 2012 MTC Plan Report, the MTC employer contribution rate for fiscal year ending 2014 is 17.185% of covered payroll and is projected to be 18.2% of covered payroll for the fiscal year ending 2015.

The CalPERS 2012 MTC Plan Report includes the table below that shows the recent history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll for MTC for the FYE 2008 through 2012.

Valuation Date (June 30)	Accrued Liability [A]	Actuarial Value of Assets (AVA) [B]	Unfunded Liability (UL) [A]-[B]	Funded Ratios		Annual Covered Payroll [C]	UL As a % of Payroll ([A]-[B])/[C]
				(AVA) [B]/[A]	Market Value		
2008	\$74,493,447	\$67,099,161	\$7,394,286	90.1%	91.0%	\$16,230,948	45.6%
2009	85,989,050	72,334,074	13,654,976	84.1%	61.4%	16,969,851	80.5%
2010	91,504,175	77,635,562	13,868,613	84.8%	66.8%	17,233,074	80.5%
2011	96,864,616	83,576,646	13,287,970	86.3%	77.2%	17,276,635	76.9%
2012	104,221,731	89,628,911	14,592,820	86.0%	72.4%	17,092,546	85.4%

Source: CalPERS 2012 MTC Plan Report, Information for Compliance with GASB Statement No. 27.

CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations, including the CalPERS 2012 MTC Plan Report, may be obtained from CalPERS Financial Services Division. The information set forth therein is not incorporated by reference in this Official Statement.

RELATED ENTITIES

The Authority has interactions with a number of related entities the obligations of which are not obligations of the Authority nor are the obligations of such entities payable from Bridge Toll Revenues. These agencies and certain of their activities are described below.

Metropolitan Transportation Commission

MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the “Bay Area.” As such, it is responsible for regularly updating the regional transportation plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, ferry, railroad, and bicycle and pedestrian facilities. This regional transportation plan is published within the sustainable communities strategy that is jointly developed for the Bay Area by MTC and the Association of Bay Area Governments. 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. Under legislation enacted in 2013, direction contributions from the Authority to MTC are limited to one percent (1%) of gross annual toll bridge revenues, including a contribution for overhead expenses as an authorized contribution.

Bay Area Headquarters Authority

The Bay Area Headquarters Authority (“BAHA”) is a joint exercise of powers authority created by a Joint Exercise of Powers Agreement (the “BAHA Agreement”) between the Authority and MTC. BAHA was created to plan, acquire, and develop office space and facilities and undertake related activities by exercising the common powers of the Authority and MTC and the powers separately conferred by law. The Authority authorized a contribution of up to \$215,450,000 to BAHA pursuant to

the BAHA Agreement for purposes of acquiring and developing an office facility at 390 Main Street in San Francisco, California (the “Administration Building”). BAHA acquired the office facility at 390 Main Street for a purchase price of \$93 million and has spent approximately [\$8.3 million] as of [June 2013] toward development of the facility. Portions of the building may be condominiumized and sold or leased to the Bay Area Air Quality Management District (the “Air District”), the Association of Bay Area Governments, and other governmental entities, or leased to other private tenants, in addition to being the headquarters of MTC, BAHA, the Authority, the Bay Area Infrastructure Financing Authority (“BAIFA”) and the Metropolitan Transportation Commission Service Authority for Freeways and Expressways. BAHA has entered into an Office Lease with the Air District under which the Air District will lease an area equivalent to one floor and will have the option to purchase such space. BAHA and the Air District have also entered into a financing lease that will finance the Air District’s acquisition of the space upon exercise of its purchase option.

On August 28, 2012, the Bureau of State Audits (the “Bureau”) released the report of its audit of the BAHA’s acquisition and development of a new office facility for the Authority, MTC, and other public agencies, and the contribution by the Authority to BAHA of toll bridge funds for such acquisition and development. The Bureau concluded in the report, among other things, that the use of toll revenues to acquire the new office facility likely was legally permissible. The Bureau also recommended that, if the State Legislature believes state law provides the Authority with too much discretion over its use of toll revenues, the Legislature should consider amending state law to more narrowly define how toll revenues that are not immediately needed for bridge maintenance or debt service may be spent or invested.

Subsequently-enacted State legislation prohibits the Authority from purchasing or otherwise acquiring office space or office facilities in addition to the Administration Building.

Express Lane Network

MTC, in consultation with the Authority, is in the initial stages of planning to develop, administer, operate and maintain a multi-county, value-priced tolling system within the high-occupancy toll lane network (the “Express Lane Network”) in the Bay Area. Vehicles that do not otherwise meet the applicable occupancy requirements for high-occupancy lane(s) within a particular segment of highway within the Express Lane Network will be able to use the FasTrak system to pay to access the otherwise-restricted lane(s). The California Transportation Commission took action in 2011 finding MTC eligible to develop and operate the Express Lane Network.

MTC has entered into a cooperative agreement with BAIFA, a joint exercise of powers authority created by a Joint Exercise of Powers Agreement between the Authority and MTC, under which MTC has delegated to BAIFA substantially all responsibility for developing and operating the Express Lanes Network. See “CAPITAL PROJECTS AND FUNDING—Additional Bridge Improvement Projects” for a discussion of BATA’s budgeted funding for Express Lane Network projects.

Environmental review, toll system development, design and construction for the initial phase of the Express Lane Network, consisting primarily of approximately 80 miles of conversion of existing high-occupancy vehicle (HOV) lanes to Express Lanes, has commenced. MTC is currently exploring financing options for future expansion of the Express Lane Network, including using bonds or other obligations issued by BAIFA. Future plans include approximately 190 miles of Express Lanes, consisting of converted HOV lanes and new lanes, located around the Bay Area. BAIFA expects to utilize the FasTrak electronic toll collection system administered by BATA to collect tolls in the Express Lane Network. However, tolls collected from vehicles in the Express Lane Network will not constitute bridge toll revenues and are not pledged to secure Bonds of the Authority.

LITIGATION

On July 3, 2014 a class action complaint (“Lawsuit”) was filed in San Francisco Superior Court against the Authority and others claiming deficiencies in policies and procedures with regard to the processing and assessment of violation penalties by the All Electronic Toll (“AET”) collection system on the Golden Gate Bridge. AET is currently in effect only on the Golden Gate Bridge and is not currently in effect on any of the Bridge System bridges. The Authority was named because it oversees and holds the contract with Xerox, which as described under “THE BRIDGE SYSTEM—Bridge Toll Collection—FasTrak Regional Customer Service Center” manages the toll collection customer service center for the Golden Gate Bridge as well as all the bridges in the Bridge System. The Lawsuit follows a claim filed by the Plaintiff that was subsequently amended to broaden the proposed class to include persons assessed for nonpayment of toll evasion violations associated with all the Bay Area bridges, including the bridges in the Bridge System. The Lawsuit, served on the Authority in August, corresponds to the original claim pertaining to AET on the Golden Gate Bridge only. The Authority has not yet been served with an amended complaint corresponding to the amended claim broadening the class to persons assessed violations on all bridges in the Bridge System. The Lawsuit seeks actual damages, punitive damages, attorneys’ fees, and injunctive and declaratory relief. The Authority cannot predict the timeframe for consideration of the case. No discovery has occurred yet in the Lawsuit. Based on the facts known to the Authority as of the date hereof, and prior to any facts learned through discovery, the Authority does not expect the litigation to have a material adverse impact on its revenues or its ability to pay its obligations, including the 2014 Series Bonds.

See “OUTSTANDING AUTHORITY OBLIGATIONS—Qualified Swap Agreements—LIBOR Litigation” for a discussion of another pending lawsuit that was initiated by the Authority.

LEGISLATION

From time to time, bills are introduced in the California Legislature that may impact the Authority. The Authority is not aware of any pending legislation which could have a material adverse effect on the Authority’s finances or operations.

APPENDIX B

REGIONAL MEASURE 2 PROJECTS*
(AS OF AUGUST 31, 2014)

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	9,157,000
Vallejo Station	26,000,000
Solano County Express Bus Intermodal Facilities	12,251,000
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**	37,175,000
Richmond Parkway Transit Center	3,850,000
Sonoma-Marín Area Rail Transit District (SMART) Extension to Larkspur or San Quentin	56,500,000
Greenbrae Interchange/Larkspur Ferry Access Improvements	43,500,000
Direct High-Occupancy Vehicle (HOV) lane connector from Interstate 680 to the Pleasant Hill or Walnut Creek BART Stations	20,425,000
Rail Extension to East Contra Costa/E-BART	96,000,000
Capital Corridor Improvements in Interstate 80/Interstate 680 Corridor	35,950,000
Central Contra Costa Bay Area Rapid Transit (BART) Crossover	25,000,000
Regional Express Bus North	18,799,000
Clipper	22,000,000
Real-Time Transit Information	20,000,000
Safe Routes to Transit	22,500,000
BART Tube Seismic Strengthening	33,801,000
Transbay Terminal/Downtown Caltrain Extension	150,000,000
Oakland Airport Connector	115,199,000
AC Transit Enhanced Bus-Phase 1 on Telegraph Avenue, International Boulevard, and East 14th Street	77,760,000
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	33,933,000
I-880 North Safety Improvements	12,300,000
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	45,075,000
BART Transit Capital Match	24,000,000
Regional Express Lane Network**	4,825,000
Modifications in I-80 and San Pablo**	8,000,000
Caltrain Electrification	20,000,000
TOTAL	\$1,465,000,000

* 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.

**Interstate 80 HOV project's budget was reduced by \$12,825,000 and allocated to Regional Express Lane Network and modifications in I-80 and San Pablo.

APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

APPENDIX D
DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE
SUBORDINATE INDENTURE

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Official Statement and in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE.”

DTC will act as securities depository for the 2014 Series Bonds. The 2014 Series Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2014 Series Bond certificate will be issued for each maturity of the 2014 Series Bonds, in the aggregate principal amount of such maturity of the 2014 Series Bonds, and will be deposited with DTC.

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

Purchases of the 2014 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Series Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2014 Series Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Series Bonds, except in the event that use of the book-entry system for the 2014 Series Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Authority and the Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the 2014 Series Bonds.

Redemption notices shall be sent to DTC. If less than all of the 2014 Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, premium, if any, and interest payments on the 2014 Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Series Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2014 Series Bonds are required to be printed and delivered as described in the Subordinate Indenture.

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

No Assurance Regarding DTC Practices

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE 2014 SERIES BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE 2014 SERIES BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2014 SERIES BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2014 SERIES BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the 2014 Series Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE 2014 SERIES BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL 2014 SERIES BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE 2014 SERIES BONDS. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE 2014 SERIES BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

In the event the Authority or the Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the 2014 Series Bonds, and the Authority does not select another qualified securities depository, the Authority shall deliver one or more 2014 Series Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of 2014 Series Bonds will be governed by the provisions of the Subordinate Indenture.

APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX G

PROJECTED DEBT SERVICE SCHEDULE

The table below shows the projected annual debt service requirements (including credit provider and remarketing agent fees) for all of the Authority’s outstanding Senior Bonds and Subordinate Bonds as of the date of issuance of the 2014 Series Bonds.

Fiscal Year Ending (June 30)	Outstanding Senior Debt Service⁽¹⁾	Outstanding Subordinate Debt Service⁽²⁾	2014 Series Bonds Debt Service⁽²⁾		Outstanding Total Debt Service⁽¹⁾⁽²⁾
			Principal	Interest	
2015	\$	\$	\$	\$	\$
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					

(Table continued on following page)

Fiscal Year Ending (June 30)	Outstanding Senior Debt Service ⁽¹⁾	Outstanding Subordinate Debt Service ⁽²⁾	2014 Series Bonds Debt Service ⁽²⁾		Outstanding Total Debt Service ⁽¹⁾⁽²⁾
			Principal	Interest	
2051					
2052					
2053					
2054					
TOTAL	\$	\$	\$	\$	\$

⁽¹⁾ Reflects actual interest rates for fixed rate bonds, and assumes interest rates for outstanding variable rate bonds as follows: (i) 4.590% per annum for the 2001 Series A Variable Rate Bonds through January 1, 2017 and 5.345% through the end of the index mode period (based on interest rate swap arrangements and inclusive of the fixed spread of 125 basis points) and 5.095% thereafter (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (ii) 4.5418% per annum for the 2006 Series C-1 Variable Rate Bonds through the end of the index mode period (based on interest rate swap arrangements and inclusive the fixed spread of 90 basis points) and 4.6418% thereafter (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (iii) 1.45% through the end of the initial term period then 5.25% per annum thereafter for the 2006 Series C-2, C-3 and C-4 Variable Rate Bonds; (iv) the actual interest rates for the 2006 Series F Fixed Rate Bonds; (v) 4.3357% per annum for the 2007 Series A-1 and 2007 Series E-3 through the end of the index mode period (based on interest rate swap arrangements and the fixed spread of 70 basis points) and 4.6357% thereafter (based on the interest rate swap arrangements and inclusive of liquidity and remarketing fees); (vi) 4.536% per annum for the 2007 Series C-1 Variable Rate Bonds through the end of the index mode period (based on interest rate swap arrangements and inclusive of the fixed spread of 90 basis points) and 4.636% thereafter (based on the interest rate swap arrangements and inclusive of liquidity and remarketing fees); (vii) 4.636% per annum for the 2007 Series G-1 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (viii) the actual interest rates for the 2007 Series F Fixed Rate Bonds; (ix) 4.6357% per annum for the 2007 Series A-2 and D-2 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (x) 4.6264% per annum for the 2007 Series B-2 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (xi) 4.6255% per annum for the 2007 Series C-2 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (xii) 4.5375% per annum for the 2008 Series A-1 Variable Rate Bonds through the end of the index mode period (based on interest rate swap arrangements and inclusive of the fixed spread of 90 basis points) and 4.6375% thereafter (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (xiii) 5.100% per annum for the 2008 Series B-1 Variable Rate Bonds through the end of the index mode period (based on interest rate swap arrangements and inclusive of the fixed spread of 110 basis points) and 5.000% thereafter (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (xiv) 4.6375% per annum for the 2008 Series C-1 and E-1 Variable Rate Bonds (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); (xv) 4.7290% per annum through the end of the index mode period for the 2008 Series D-1 Variable Rate Bonds (based on interest rate swap arrangements and 80 basis point fixed spread while in an index mode) and 4.9290% thereafter (based on interest rate swap arrangements and inclusive of liquidity facilities and remarketing fees); (xvi) 4.810% per annum for the 2008 Series G-1 Variable Rate Bonds through the end of the index mode period (based on interest rate swap arrangements and inclusive of the fixed spread of 110 basis points) and 4.710% thereafter (based on interest rate swap arrangements and inclusive of liquidity facility and remarketing fees); and (xvii) actual interest rates on the 2008 Series F-1 Bonds, the 2009 Series F-1 Bonds, the 2009 Series F-2 Bonds, the 2010 Series S-1, S-2 and S-3 Bonds, the 2012 Series F-1 and the 2013 Series S-4 Bonds. Except for Fiscal Years 2014 and 2015, debt service shown is net of the 35% federal interest subsidy for bonds issued under the Build America Bond program. Due to sequestration, the Authority received \$3.3 million and \$2.8 million less in Build America Bond subsidy payments than expected for the October 1, 2013 and April 1, 2014 debt service payment. Debt service shown accounts for this lack of subsidy payments and assumes the October 1, 2014 subsidy payment will be reduced by the same amount as the April 1, 2014 subsidy payment. It is assumed that the full subsidy will be received on April 1, 2015 and will continue throughout the life of the affected bonds. Debt service numbers reflect a refunding of all of the \$707,730,000 outstanding aggregate principal amount of the Authority's 2008 Series F-1 bonds and \$317,520,000 of outstanding aggregate principal amount of the Authority's 2009 Series F-1 bonds maturing on April 1, 2039 and April 1, 2044 as discussed above under the caption "SUMMARY OF FINANCING PLAN."

⁽²⁾ Based on issuance of \$200 million of fixed rate 2014 Series F-1 bonds at actual interest rates as indicated under "SUMMARY OF OFFERING" above. Based on issuance of \$1,201,635,000 of 2014 Series A, 2014 Series B and 2014 Series C bonds at respective interest rates as indicated under "SUMMARY OF OFFERING" above, for the current Term Mode Period and 3.37% thereafter.

Note: Columns may not total correctly due to independent rounding of numbers.

APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS
2014 SERIES D-1, 2014 SERIES D-2 AND 2014 SERIES E

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Disclosure Agreement**”) is executed and delivered by the Bay Area Toll Authority (the “**Authority**”) and MUFG Union Bank, N.A., as dissemination agent (the “**Dissemination Agent**”) in connection with the offering of the Authority’s \$_____ San Francisco Bay Area Toll Bridge Revenue Bonds, 2014 Series D-1, 2014 Series D-2 and 2014 Series E (the “**Bonds**”). The Bonds are being offered pursuant to a Master Indenture dated as of May 1, 2001, by and between the Authority and MUFG Union Bank, N.A., as trustee (the “**Trustee**”), as supplemented and amended from time to time pursuant to its terms (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 MUFG Union Bank, N.A., or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority and the Trustee a written acceptance of such designation.

“**Listed Events**” means any of the events listed in Section 5(a) or (b) 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 November __, 2014 relating to the Bonds.

“**Participating Underwriters**” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc. and Goldman, Sachs & Co.

“**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, 2015. 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, historical financial

information and operating data of the Authority of the types found in the following tables from the Official Statement: (i) the table entitled “BRIDGE SYSTEM TOTAL TOLL RATES” set forth in Appendix A under the caption “THE BRIDGE SYSTEM — Bridge Tolls” (but only to the extent the toll rates for such fiscal year are different than those shown for such fiscal year in such Official Statement); (ii) the table entitled “TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC” set forth in Appendix A under the caption “THE BRIDGE SYSTEM — Motor Vehicle Traffic;” and (iii) the table entitled “BRIDGE SYSTEM — Historical Revenue And Debt Service Coverage” set forth in Appendix A under the caption “HISTORICAL REVENUE AND DEBT SERVICE COVERAGE.”

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

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

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

Section 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision

and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) 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, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) 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 Dissemination Agent in writing whether to report the event pursuant to subsection (f) of this Section 5. The Trustee shall have no liability for not reporting a Listed Event pursuant to Section 5(f) hereof, if so instructed by the Authority. The Trustee, in so notifying the Authority of such Listed Event, shall have no obligation to determine the materiality of the Listed Event or whether such Listed Event reflects financial difficulties.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (c) or otherwise, the Authority shall notify the Dissemination Agent promptly in writing of such event. Subject to subsection (e), the notice shall instruct the Dissemination Agent to report the occurrence of such Listed Event pursuant to subsection (f).

(e) The Authority shall determine whether the occurrence of the Listed Event under subsection (b) would constitute material information for holders of Bonds within the meaning of the federal securities laws. The Authority shall include such determination in its notice delivered to the Dissemination Agent pursuant to subsection (d), and if material, shall direct the Dissemination Agent to report the occurrence pursuant subsection (f). If the Authority determines that the occurrence of a Listed Event under subsection (b) is not material under the federal securities laws, the Authority shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in a timely manner not later than ten business days after the occurrence of the event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) 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 shall be entitled to request and receive, and 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 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, and upon being indemnified to its satisfaction, 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 and expenses) 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.

The Dissemination Agent shall be afforded the same rights, protections and immunities afforded to it as Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any holder of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

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:

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

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.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California determined without regard to principles of conflict of law; provided, however, that the interpretation of the Rule shall be governed by the laws of the United States.

Date: December __, 2014

BAY AREA TOLL AUTHORITY

By: _____
Chief Financial Officer

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

MUFG UNION BANK, N.A., as Dissemination Agent

By: _____
Its: _____

ACKNOWLEDGED:

MUFG UNION BANK, N.A., 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 Toll Bridge Revenue Bonds, 2014 Series D-1, 2014 Series D-2, and 2014 Series C

Date of Issuance: December __, 2014

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 December __, 2014, by the Authority and MUFG Union Bank, N.A., as Dissemination Agent. The Authority anticipates that the annual Disclosure Report will be provided to the MSRB by _____.

Dated: _____

MUFG UNION BANK, N.A., as Dissemination Agent

By: _____

Its: _____

APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$ _____
BAY AREA TOLL AUTHORITY
SAN FRANCISCO BAY AREA SUBORDINATE TOLL BRIDGE REVENUE BONDS
2014 SERIES S-5 AND 2014 SERIES S-6

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Disclosure Agreement**”) is executed and delivered by the Bay Area Toll Authority (the “**Authority**”) and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the “**Dissemination Agent**”) in connection with the offering of the Authority’s \$ _____ San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds, 2014 Series S-5 and 2014 Series S-6 (the “**Bonds**”). The Bonds are being offered pursuant to a Subordinate Indenture dated as of June 1, 2010, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), as supplemented and amended from time to time pursuant to its terms (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 The Bank of New York Mellon Trust Company, N.A., or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority and the Trustee a written acceptance of such designation.

“**Listed Events**” means any of the events listed in Section 5(a) or (b) 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 November __, 2014, relating to the Bonds.

“**Participating Underwriters**” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman, Sachs & Co.

“**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, 2014. 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, historical financial information and operating data of the Authority of the types found in the following tables from the Official Statement: (i) the table entitled “BRIDGE SYSTEM TOTAL TOLL RATES” set forth in Appendix A under the caption “THE BRIDGE SYSTEM — Bridge Tolls” (but only to the extent the toll rates for such fiscal year are different than those shown for such fiscal year in such Official Statement); (ii) the table entitled “TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC” set forth in Appendix A under the caption “THE BRIDGE SYSTEM — Motor Vehicle Traffic;” and (iii) the table entitled “BRIDGE SYSTEM — Historical Revenue and Debt Service Coverage” set forth in Appendix A under the caption “HISTORICAL REVENUE AND DEBT SERVICE COVERAGE.”

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

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

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

Section 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the

obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) 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, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) 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 Dissemination Agent in writing whether to report the event pursuant to subsection (f) of this Section 5. The Trustee shall have no liability for not reporting a Listed Event pursuant to Section 5(f) hereof, if so instructed by the Authority. The Trustee, in so notifying the Authority of such Listed Event, shall have no obligation to determine the materiality of the Listed Event or whether such Listed Event reflects financial difficulties.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (c) or otherwise, the Authority shall notify the Dissemination Agent promptly in writing of such event. Subject to subsection (e), the notice shall instruct the Dissemination Agent to report the occurrence of such Listed Event pursuant to subsection (f).

(e) The Authority shall determine whether the occurrence of the Listed Event under subsection (b) would constitute material information for holders of Bonds within the meaning of the federal securities laws. The Authority shall include such determination in its notice delivered to the Dissemination Agent pursuant to subsection (d), and if material, shall direct the Dissemination Agent to report the occurrence pursuant subsection (f). If the Authority determines that the occurrence of a Listed Event under subsection (b) is not material under the federal securities laws, the Authority shall so notify

the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in a timely manner not later than ten business days after the occurrence of the event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) 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 shall be entitled to request and receive, and 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 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, and upon being indemnified to its satisfaction, 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 and expenses) 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.

The Dissemination Agent shall be afforded the same rights, protections and immunities afforded to it as Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any holder of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

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:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071
Attention: Corporate Trust Department
Phone: (213) 630-6250
Fax: (213) 630-6480

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.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California determined without regard to principles of conflict of law; provided, however, that the interpretation of the Rule shall be governed by the laws of the United States.

Date: December [__], 2014

BAY AREA TOLL AUTHORITY

By: _____
Chief Financial Officer

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

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,** as Dissemination Agent

By: _____
Its: _____

ACKNOWLEDGED:

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,** 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 Toll Bridge Revenue Bonds, 2014 Series S-5 and 2014 Series S-6

Date of Issuance: December __, 2014

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 December __, 2014, by the Authority and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent. The Authority anticipates that the annual Disclosure Report will be provided to the MSRB by _____.

Dated: _____

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent**

By: _____

Its: _____