NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's (2020 Bonds): Aaa
Long Term Standard & Poor's (2020C-1 Bonds): AAA
Short Term Standard & Poor's (2020C-2 Bonds): A-1+
See "Ratings" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, 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 2020C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2020C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2020 Bonds is exempt from State of California personal income taxes. Bond Counsel further observes that interest on the 2020C-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. 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 2020 Bonds. See "TAX MATTERS."

$700,000,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS

Climate Bond Certified

$625,005,000
(ELECTION OF 2016),
2020 SERIES C-1
(GREEN BONDS)

$74,995,000
(ELECTION OF 2016),
2020 SERIES C-2 (FEDERALLY TAXABLE)
(GREEN BONDS)

Dated: Date of Delivery

Due: As shown on inside cover

The San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds) (the "2020C-1 Bonds") and 2020 Series C-2 (Federally Taxable) (Green Bonds) (the "2020C-2 Bonds" and, together with the 2020C-1 Bonds, the "2020 Bonds") are being issued to finance specific acquisition, construction and improvement projects for District facilities approved by the voters and to pay the costs of issuance of the 2020 Bonds. The 2020 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the 2020 Bonds will be made in principal amounts of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the 2020 Bonds will not receive bonds representing their beneficial ownership in the 2020 Bonds but will receive a credit balance on the books of their respective DTC Direct Participants or DTC Indirect Participants. The 2020 Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein.

Principal on the 2020 Bonds is payable in the amounts and on the dates set forth on the inside cover. Interest on the 2020C-1 Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021, and interest on the 2020C-2 Bonds is paid on the maturity date thereof. The principal of the 2020 Bonds is payable by U.S. Bank National Association, as trustee, to Cede & Co., the registered owner of the 2020 Bonds, and such interest and principal payments are to be disbursed to the beneficial owners of the 2020 Bonds through their respective DTC Direct Participants or DTC Indirect Participants.

The 2020 Bonds are general obligations of the San Francisco Bay Area Rapid Transit District (the "District"), payable from and secured by ad valorem taxes to be levied upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco, as more fully described herein. No other revenues of the District other than certain proceeds of the 2020 Bonds are pledged to the payment of the 2020 Bonds.

The 2020C-1 Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2020 Bonds are offered when, as and if issued by the District and received by the Underwriters, subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the Underwriters by their counsel, Curls Bartling P.C., and for the District by its General Counsel, Matthew Burrows, Esq., and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District. The 2020 Bonds in book-entry-only form are expected to be delivered through the facilities of DTC on or about August 27, 2020.

J.P. Morgan **Goldman Sachs & Co. LLC**

Barclays **Wells Fargo Securities** **Blaylock Van, LLC**

Dated: August 18, 2020

MATURITY SCHEDULES

$625,005,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2016), 2020 SERIES C-1 BONDS (GREEN BONDS)

$336,490,000 SERIAL BONDS

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP (Base: 797661)[*]	ISIN (Base: US797661)[*]	Common Code[†]
2024	$9,560,000	5.000%	0.100%	ZA6	ZA67	222338042
2025	10,035,000	5.000	0.150	ZB4	ZB41	222338069
2026	10,530,000	5.000	0.230	ZC2	ZC24	222338077
2027	11,065,000	5.000	0.330	ZD0	ZD07	222338085
2028	11,610,000	5.000	0.430	ZE8	ZE89	222338093
2029	12,195,000	5.000	0.550	ZF5	ZF54	222338107
2030	12,800,000	4.000	0.660[‡]	ZG3	ZG38	222338115
2031	13,315,000	4.000	0.800[‡]	ZH1	ZH11	222338123
2032	13,850,000	4.000	0.940[‡]	ZJ7	ZJ76	222338131
2033	14,405,000	4.000	1.020[‡]	ZK4	ZK40	222338140
2034	14,980,000	4.000	1.130[‡]	ZL2	ZL23	222338158
2035	15,580,000	4.000	1.190[‡]	ZM0	ZM06	222338166
2036	16,205,000	3.000	1.490[‡]	ZN8	ZN88	222338174
2037	16,685,000	3.000	1.550[‡]	ZP3	ZP37	222338182
2038	17,185,000	3.000	1.590[‡]	ZQ1	ZQ10	222338204
2039	25,560,000	2.000	2.030	ZR9	ZR92	222338212
2040	26,080,000	2.000	2.070	ZS7	ZS75	222338239
2041	26,595,000	2.000	2.100	ZT5	ZT58	222445639
2042	27,130,000	2.000	2.130	ZU2	ZU22	222445647
2046	31,125,000	2.000	2.220	ZW8	ZW87	222445671

$86,385,000 4.000% Term Bond due August 1, 2045; Yield 1.640%[‡]; CUSIP[*] 797661ZV0; ISIN[*] US797661ZV05; Common Code[†] 222338247

$202,130,000 3.000% Term Bond due August 1, 2050; Yield 2.060%[‡]; CUSIP[*] 797661ZX6; ISIN[*] US797661ZX60; Common Code[†] 222338255

$74,995,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2016), 2020 SERIES C-2 BONDS (FEDERALLY TAXABLE) (GREEN BONDS)

Maturity Date (September 15)	Principal Amount	Interest Rate	Yield	CUSIP (Base: 797661)[*]	ISIN (Base: US797661)[*]	Common Code[†]
2020	$74,995,000	0.170%	0.170%	ZY4	ZY44	222338034

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[†] The Common Code is provided herein by Euroclear Bank S.A./N.V. Neither the District nor the Underwriters are responsible for the selection or use of this Common Code and no representation is made as to their correctness on the 2020 Bonds.

[‡] Yield to the par call date of August 1, 2029.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

300 Lakeside Drive, 23rd Floor
Oakland, California 94612

BOARD OF DIRECTORS

Lateefah Simon *President*	Mark Foley *Vice President*	Debora Allen *Director*
Elizabeth Ames *Director*	Bevan Dufty *Director*	Janice Li *Director*
John McPartland *Director*	Robert Raburn *Director*	Rebecca Saltzman *Director*

OFFICERS
Robert Powers – *General Manager*
Rosemarie V. Poblete – *Controller/Treasurer*
Patricia K. Williams – *District Secretary*
Russell G. Bloom – *Independent Police Auditor*
Harriet Richardson – *Inspector General*

GENERAL COUNSEL
Matthew Burrows, Esq.

TRUSTEE
U.S. Bank National Association
San Francisco, California

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

MUNICIPAL ADVISOR
Sperry Capital Inc.
Sausalito, California

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This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation or sale of the 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the San Francisco Bay Area Rapid Transit District (the "District") or the underwriters identified on the cover page of this Official Statement (the "Underwriters") to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the 2020 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the 2020 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been obtained from sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No representation, warranty or guarantee is made by the Municipal Advisor as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Municipal Advisor.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

The District maintains a website. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specifically indicated otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement and should not be relied upon in making investment decisions with respect to the 2020 Bonds.

IN CONNECTION WITH THE OFFERING OF THE 2020 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 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 2020 BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

FORWARD LOOKING STATEMENTS

This Official Statement, including the cover and inside cover page and all appendices hereto, contains forecasts, projections and estimates that are based on current expectations or assumptions. When included in this Official Statement, the words "expects," "forecasts," "projects," "budgets," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements which speak only as of the date of this Official Statement. Any such statements inherently are subject to a variety of risks and uncertainties which could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, public health emergencies such as the COVID-19 pandemic and various other events, conditions and circumstances, many of which are beyond the control of the District. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the District that such forecasts, projections and estimates will occur. Such forecasts, projections, budgets, and estimates are not intended as representations of fact or guarantees of results. The District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH 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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT. AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT GENERAL OBLIGATION BONDS (ELECTION OF 2016), 2020 SERIES C-1 (GREEN BONDS) AND THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT GENERAL OBLIGATION BONDS (ELECTION OF 2016), 2020 SERIES C-2 (FEDERALLY TAXABLE) (GREEN BONDS) OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION**.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT AND ANY OTHER OFFERING MATERIAL RELATING TO THE BONDS DESCRIBED HEREIN HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THE ISSUE AND DISTRIBUTION OF THIS OFFICIAL STATEMENT IS RESTRICTED BY LAW. THIS OFFICIAL STATEMENT IS NOT BEING DISTRIBUTED BY, NOR HAS IT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN

ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FSMA (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NO PART OF THIS OFFICIAL STATEMENT SHOULD BE PUBLISHED, REPRODUCED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. THE BONDS ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE UK EXCEPT IN CIRCUMSTANCES WHICH WILL NOT RESULT IN AN OFFER OF SECURITIES TO THE PUBLIC IN THE UK WITHIN THE MEANING OF PART VI OF THE FSMA.

POTENTIAL INVESTORS IN THE UK ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UK REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE BONDS AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UK FINANCIAL SERVICES COMPENSATION SCHEME.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("FINSA") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR REGULATED TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS OR A KEY INFORMATION DOCUMENT PURSUANT TO THE FINSA OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD. OR ANY REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

ACCORDINGLY, THIS OFFICIAL STATEMENT IS COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, AN INVESTOR IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, HOLDERS OF THE BONDS DO NOT BENEFIT FROM PROTECTION UNDER THE CISA OR FROM THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY. INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)) IN HONG KONG (THE "C(WUMP)O") NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN (A) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES AND REGULATIONS MADE UNDER THE SFO; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O. IN ADDITION, NO PERSON MAY ISSUE OR DISTRIBUTE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF

PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, AND (B) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES OR REGULATIONS MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS"). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN, AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, ISSUED, SOLD, DELIVERED OR DISTRIBUTED IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

CERTIFICATION AS CLIMATE BONDS

The Climate Bonds Initiative has provided the following paragraphs for inclusion in this Official Statement: The certification of the 2020 Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the 2020 Bonds or any Nominated Project, including but not limited to the Official Statement, the transaction documents, the District or the management of the District.

The certification of the 2020 Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of the District and is not a recommendation to any person to purchase, hold or sell the 2020 Bonds and such certification does not address the market price or suitability of the 2020 Bonds for a particular investor. The certification also does not address the merits of the decision by the District or any third party to participate in any Nominated Project and does not express and should not be deemed to be an expression of an opinion as to the District or any aspect of any Nominated Project (including but not limited to the financial viability of any Nominated Project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Nominated Project or the District. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Nominated Project. The certification may only be used with the 2020 Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the 2020 Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

OFFICIAL STATEMENT

$700,000,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS

$625,005,000 **(ELECTION OF 2016),** **2020 SERIES C-1** **(GREEN BONDS)**	**$74,995,000** **(ELECTION OF 2016),** **2020 SERIES C-2 (FEDERALLY TAXABLE)** **(GREEN BONDS)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information in connection with the issuance by the San Francisco Bay Area Rapid Transit District (the "District" or "BART") of $700,000,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds) (the "2020C-1 Bonds") and San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-2 (Federally Taxable) (Green Bonds) (the "2020C-2 Bonds" and, together with the 2020C-1 Bonds, the "2020 Bonds").

The District was created in 1957 pursuant to the laws of the State of California (the "State") to provide rapid transit service in the San Francisco Bay Area. The District is composed of all of the area in the Counties of Alameda and Contra Costa and the City and County of San Francisco (herein referred to as the "Three BART Counties"). In addition, the District owns property within the County of San Mateo and has easements to operate within the County of Santa Clara on which BART is operating facilities, and the District acquired the right to use additional right of way and station locations in connection with the extension of its rapid transit system (the "BART System") to the San Francisco International Airport ("SFO") located in the County of San Mateo. The Counties of San Mateo and Santa Clara, however, are not part of the District's tax base. The first phase of the extension of the BART System into the County of Santa Clara was completed in Fiscal Year 2019-20, as service to the Milpitas and Berryessa/North San José stations began on June 13, 2020. The District's transit system extends over 130 miles and is the major transit provider of transbay traffic between the East Bay and downtown San Francisco, averaging historically over 227,000 transbay passengers each weekday and over 120 million passengers annually. The District is governed by an elected board of directors consisting of nine members. For additional information concerning the District, see Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION."

The BART System ridership has been seriously impacted by the COVID-19 pandemic that has triggered shelter-in-place orders throughout the BART System and resulted in ridership declines by as much as 97% from customary ridership levels. For information relating to the COVID-19 pandemic, see "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak" and Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – THE BART SYSTEM – Ridership" and " – Adopted Budget for Fiscal Year 2019-20 and Adopted Budget for Fiscal Year 2020-21." For information relating to economic conditions within the Three BART Counties and the State, see Appendix D – "THE ECONOMY OF THE THREE BART COUNTIES."

The 2020 Bonds are not payable from BART operating funds but represent general obligations of the District and will be payable solely from *ad valorem* taxes to be levied without limitation as to rate or amount upon all property subject to taxation within the Three BART Counties (except certain personal property which is taxable at limited rates). The estimated aggregate assessed value of property in the District for the fiscal year ending June 30, 2020 ("Fiscal Year 2019-20") is $804.7 billion.

U.S. Bank National Association will serve as trustee (the "Trustee") for the 2020 Bonds pursuant to a Trust Agreement (Measure RR), dated as of June 1, 2017 between the District and the Trustee, as supplemented, including by a Second Supplemental Trust Agreement (Measure RR), dated as of August 1, 2020 between the District and the Trustee (as supplemented, the "Trust Agreement"). All capitalized terms used and not otherwise defined herein relating to the 2020 Bonds shall have the meanings assigned to such terms in the Trust Agreement.

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to the entire contents of this Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein, a full review of which should be made by potential investors. All descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. A copy of the Trust Agreement is available upon request to the Controller/Treasurer of the District. The offering of the 2020 Bonds is made only by means of this entire Official Statement and is subject in all respects to the information contained herein.

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PLAN OF FINANCE

The 2020 Bonds are part of a $3.5 billion authorization approved at an election held on November 8, 2016, by over two-thirds of the qualified voters of the District voting on a ballot measure ("Measure RR") titled "BART Safety, Reliability and Traffic Relief" which asked,

> "To keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; reduce traffic congestion/pollution; and improve earthquake safety and access for seniors/disabled by replacing and upgrading 90 miles of severely worn tracks; tunnels damaged by water intrusion; 44-year-old train control systems; and other deteriorating infrastructure, shall the Bay Area Rapid Transit District issue $3.5 billion of bonds for acquisition or improvement of real property subject to independent oversight and annual audits?"

Measure RR was placed on the ballot to fund a portion of the System Renewal Program, introduced by BART in 2016 to address critical infrastructure needs (the "System Renewal Program"). See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program and System Reinvestment Program." On June 1, 2017, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2017 Series A-1 (Green Bonds) (the "2017A-1 Bonds") in an aggregate principal amount of $271,600,000, of which $257,340,000 remain outstanding. On June 1, 2017, the District also issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2017 Series A-2 (Federally Taxable) (Green Bonds) (the "2017A-2 Bonds") in an aggregate principal amount of $28,400,000, none of which remain outstanding. On August 14, 2019, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-1 (Green Bonds) (the "2019B-1 Bonds") in an aggregate principal amount of $313,205,000, of which $307,765,000 remain outstanding. On August 14, 2019, the District also issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-2 (Federally Taxable) (Green Bonds) (the "2019B-2 Bonds") in an aggregate principal amount of $46,795,000, none of which remain outstanding. Upon issuance of the 2020 Bonds, the District will have $2,140,000,000 in remaining voter-approved authorization for future issuances under Measure RR.

The 2020 Bonds are being issued pursuant to the Measure RR authorization to finance projects approved by Measure RR. In light of reduced ridership on the BART System due to the COVID-19 pandemic, the District is accelerating its Measure RR projects, and is issuing the 2020 Bonds to provide additional funding for such projects. See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – THE BART SYSTEM – Ridership."

Premium on the District's general obligation bonds is required to be applied to debt service on the 2020 Bonds so the District is issuing the 2020C-2 Bonds in order to more efficiently utilize such premium.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2020 Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount	$700,000,000.00
Net Original Issue Premium	77,061,285.90
Total Sources	$777,061,285.90
Uses of Funds	
Project Fund	$700,000,000.00
Costs of Issuance*	2,056,886.28
Interest and Sinking Fund†	75,004,399.62
Total Uses	$777,061,285.90

* Includes Underwriters' discount, rating agency fees, trustee fees, trustee counsel fees, climate bond certification fees, printing costs, Bond and Disclosure Counsel and Municipal Advisor fees and expenses, and other miscellaneous expenses. For details regarding the Underwriters' discount, see "UNDERWRITING."

† To be applied to pay debt service on the 2020C-2 Bonds at maturity on September 15, 2020, and a portion of interest due on the 2020C-1 Bonds through February 1, 2021.

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DESIGNATION AS GREEN BONDS / CLIMATE BOND CERTIFIED

The information set forth below concerning (1) the Climate Bonds Initiative (the "Climate Bonds Initiative") and the process for obtaining Climate Bond Certification (the "Climate Bond Certification"), and (2) First Environment, Inc. ("First Environment") in its role as a verifier with respect to the Climate Bond Certification, all as more fully described below, has been extracted from materials provided by the Climate Bonds Initiative and First Environment, respectively, for such purposes, and none of such information is guaranteed as to accuracy or completeness or is to be construed as a representation by the District or the Underwriters. Additional information relating to the Climate Bonds Initiative, the Climate Bond Standard, the Certification Process (defined herein) and the process for obtaining Climate Bond Certification can be found at www.climatebonds.net. The link in the preceding sentence is included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

Designation as Green Bonds. BART is committed to advancing regional sustainability by providing safe, affordable, equitable, and environmentally-friendly transit to move people to jobs, recreation, and services. BART maintains a Sustainability Policy and a Sustainability Action Plan. These plans, among other sustainability-related information, are available at www.bart.gov/sustainability. BART is issuing the 2020 Bonds as Green Bonds based on the environmentally sustainable elements of the projects being undertaken. BART's Green Bonds designation is designed to track the "Green Bond Principles" promulgated by the International Capital Market Association ("ICMA"), updated most recently in June 2018. By reference to the ICMA's "Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals" (June 2018), BART's Green Bonds aim to further several of the United Nations Sustainable Development Goals. Specifically, the projects discussed herein primarily aim to address goals 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities).

The terms "Climate Bond Certified" and "green bonds" are neither defined in, nor related to the Resolution, and their use herein is for identification purposes only and is not intended to provide or imply that a holder of the 2020 Bonds is entitled to any additional security other than as provided in the Resolution and the Trust Agreement. The District has no continuing legal obligation to maintain the Climate Bond Certification of the 2020 Bonds.

The Climate Bonds Initiative and Climate Bond Certification. Green Bonds, also known as Climate Bonds, were popularized in 2008 as a method for raising capital for climate-friendly projects across the globe. In 2019, $259 billion in Climate Bonds were issued worldwide, according to the Climate Bonds Initiative, an international nongovernmental, nonprofit organization dedicated to stimulating investment in projects and assets supporting environmental sustainability. The District has requested, and the Climate Bonds Standard Board has approved, the labeling of the 2020 Bonds as "Climate Bond Certified" based on the Climate Bonds Standard Verification Statement provided by First Environment. First Environment's factual findings assessed that eligible projects included in Measure RR conform to the Climate Bonds – Low Carbon Land Transport Standard.

The District applied to the Climate Bonds Initiative under the Climate Bonds Standard & Certification Scheme (the "Certification Process") to obtain (i) a programmatic certification that the District's projects under Measure RR are consistent with the Low Carbon Land Transport Standard; and (ii) a designation of the 2020 Bonds as "Climate Bond Certified." The Certification Process is a voluntary verification initiative which allows the District to demonstrate to the investor market, the users of the District's transportation system, and other stakeholders that the 2020 Bonds meet international standards for climate integrity, management of proceeds and transparency. The Certification Process provides a scientific framework for determining which projects and assets are consistent with a low carbon and climate resilient economy and, therefore, eligible for inclusion in a Certified Climate Bond. The Certification Process relating to the 2020 Bonds includes pre-issuance and post-issuance requirements.

The pre-issuance requirements are designed to ensure that the District has established appropriate internal processes and controls prior to issuance of the 2020 Bonds, and that these internal processes and controls are sufficient to enable conformance with the Certification Process after the 2020 Bonds have been issued and bond proceeds are expended.

Use of Proceeds. The 2020 Bonds are being issued to finance or refinance projects under Measure RR that assist the District in providing mass transit services primarily using an electrified railway that provides a low-carbon alternative to automobile travel. See "PLAN OF FINANCE" and Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program and System Reinvestment Program". BART's broader sustainability statistics include the following estimates:

(i) 1,764,217,840 passenger miles traveled in calendar year 2019;

(ii) 408,531 average weekday exits in calendar year 2019;

(iii) 15.02-mile average trip length in calendar year 2019;

(iv) 130,059 gallons of gasoline saved from all riders for one typical weekday;

(v) 2,548,477 pounds of carbon dioxide equivalent emissions avoided from automobiles otherwise used by riders for one typical weekday;

(vi) 1,215,678,560 megajoules of traction energy in calendar year 2019;

(vii) The vast majority of BART trains are 100% electric, except for trains on BART's Antioch Extension ("eBART"), which was commissioned in May 2018 and relies on renewable diesel as a propulsion fuel;

(viii) In calendar year 2019, approximately 91% of electric traction power was greenhouse-gas-free and sourced mainly from hydroelectric facilities and photovoltaic solar; and

(ix) According to a 2010 U.S. Department of Transportation Federal Transit Administration report titled "Public Transportation's Role in Responding to Climate Change," BART was the country's cleanest major transit system in its class, emitting fewer pounds of carbon dioxide per passenger mile than any other transit system.

Project Evaluation and Selection. As described in "PLAN OF FINANCE", BART developed its Capital Programs in response to systemwide operational and resiliency needs. Measure RR was approved by over two-thirds of the qualified voters of the District. Measure RR was placed on the ballot to fund a portion of the System Renewal Program, introduced by BART in 2016 to address critical infrastructure needs.

Management of Proceeds. Proceeds of the 2020 Bonds will be deposited into the Project Fund and may be invested in any investments permitted by the District's investment policy or in Investment Securities as such term is defined in the Trust Agreement. See "THE 2020 BONDS – Purpose and Application of Proceeds".

Green Bond Reporting. As required by the Certification Process, the District will provide an annual post-issuance verification of compliance to the Climate Bonds Initiative, as well as an annual statement with respect to the Measure RR programs certifying, to the best of its knowledge, the District's conformance with the certification requirements of the Climate Bonds Standard. The District will also provide an annual report to bondholders of the 2020 Bonds regarding the projects financed by proceeds of the 2020 Bonds and may voluntarily file such report on EMMA (as defined herein).

THE 2020 BONDS

Purpose and Application of Proceeds

The 2020 Bonds are being issued to finance improvements to BART facilities authorized under Measure RR and the System Renewal Program (the "Project"). See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program and System Reinvestment Program." Proceeds will be applied to (i) finance the Project, (ii) pay a portion of debt service on the 2020 Bonds through February 1, 2021, including the debt service in full on the 2020C-2 Bonds, and (iii) pay costs of issuance of the 2020 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS." Proceeds of the 2020 Bonds deposited into the Project Fund may be invested in any investments permitted by the District's investment policy or in Investment Securities as such term is defined in the Trust Agreement. See Appendix H – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" herein. Other funds held by the Trustee will be invested by the Trustee at the direction of the District in Investment Securities as such term is defined in the Trust Agreement.

Authority for Issuance

The 2020 Bonds are being issued pursuant to the provisions of Part 2 of Division 10 of the Public Utilities Code of the State of California, commencing with Section 28500, Article 4.5 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Government Code"), commencing with Section 53506 and other applicable law, and according to the terms and in the manner set forth in the Trust Agreement, as authorized by Resolution No. 5447 adopted by the Board of Directors of the District on July 23, 2020 (the "Resolution").

Description of the 2020 Bonds

The 2020 Bonds will be dated their date of delivery and will mature at the times and in the principal amounts as set forth on the inside cover page of the Official Statement. Interest on the 2020C-1 Bonds shall be payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest on the 2020C-2 Bonds will be paid on the maturity date of such bonds. Interest on the 2020 Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Book-Entry-Only System

The 2020 Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2020 Bonds. Beneficial ownership interests in the 2020 Bonds may be purchased by or through a DTC Direct Participant (as such term is defined in Appendix E – "CLEARING SYSTEMS") in book-entry-only form in denominations of $5,000 or any integral multiple thereof. See Appendix E – "CLEARING SYSTEMS."

DTC will act as securities depository for the 2020 Bonds. See Appendix E – "CLEARING SYSTEMS – Book Entry-Only System." Payments of interest on, principal of and premium, if any, on the 2020 Bonds will be made by the Trustee to DTC or its nominee, Cede & Co., as registered owner of the 2020 Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the District or the Trustee with respect to the principal or redemption price of or interest on the 2020 Bonds to the extent of the sum or sums so paid.

The District and the Trustee cannot and do not give any assurances that (1) DTC will distribute payments of principal of, premium if any, and interest on the 2020 Bonds, or redemption or other notices, to participants ("Participants") of the Clearing Systems (as such term is defined in Appendix E – "CLEARING SYSTEMS"); (2) Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the 2020 Bonds), or redemption or other notices, to the Beneficial Owners (as such term is defined in Appendix E – "CLEARING SYSTEMS"), or that they will do so on a timely basis; or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. So long as the 2020 Bonds are held in the book-entry-only system of DTC, the registered owner of the 2020 Bonds will be DTC, and not the beneficial owner.

Payments, Transfers and Exchanges Upon Abandonment of Book-Entry-Only System

The book-entry system for registration of the ownership of the 2020 Bonds in book-entry-only form may be discontinued at any time if: (1) DTC resigns as securities depository for the 2020 Bonds; or (2) the District determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the District. In each of such events (unless the District appoints a successor securities depository), the 2020 Bonds shall be delivered in such denominations and registered in the names of such persons as are requested in a certificate of the District, but without any liability on the part of the District or the Trustee for the accuracy of such designation. Whenever DTC requests the District and the Trustee to do so, the District and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of or to print bonds evidencing the 2020 Bonds. Thereafter, all 2020 Bonds are transferable or exchangeable as described in the Trust Agreement.

In the event that the book-entry-only system is no longer used with respect to the 2020 Bonds, payment of interest on the 2020C-1 Bonds will be made on each interest payment date to the person whose name appears on the bond registration books of the Trustee as the registered owner of the 2020C-1 Bonds as of the close of business on the fifteenth day of the month prior to such interest payment date, whether or not such day is a Business Day (the "Record Date"). Payment of the interest on any 2020C-1 Bond will be made by check or draft mailed by first class mail to the registered owner of such 2020C-1 Bond at such owner's address as it appears on the bond registration books of the Trustee or at such address as such owner may have filed with the Trustee for that purpose; or, upon the written request of the registered owner of 2020C-1 Bonds aggregating not less than $1,000,000 in principal amount, given no later than the Record Date preceding the applicable interest payment date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such owner shall specify in its written notice. Principal of, and premium, if any, on the 2020 Bonds, and interest on the 2020C-2 Bonds, will be payable on the maturity date thereof or the date such 2020C-1 Bond is called for redemption, in lawful money of the United States of America to the registered owner thereof, upon surrender thereof at the principal corporate trust office of the Trustee or at such other location as the Trustee may designate. The 2020 Bonds will be in the form of fully registered 2020 Bonds and will be issued in denominations of $5,000 or any integral multiple thereof.

Redemption Provisions

Optional Redemption. The 2020C-2 Bonds shall not be subject to redemption prior to their stated maturity date. The 2020C-1 Bonds maturing on or before August 1, 2029 are not subject to redemption prior to their respective stated maturity dates. The 2020C-1 Bonds maturing on and after August 1, 2030 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2029 at the principal amount of the 2020C-1 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium. If less than all of the 2020C-1 Bonds are called for redemption, the 2020C-1 Bonds shall be redeemed in such maturities as is directed by the District, and if less than all of the 2020C-1 Bonds of any given maturity are called for redemption, the portions of 2020C-1 Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Redemption. The 2020C-1 Term Bond maturing on August 1, 2045, is also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Payment Date (August 1)	**Mandatory Sinking Fund Payment Amount**
2043	$27,675,000
2044	28,780,000
2045†	29,930,000

† Final Maturity

The 2020C-1 Term Bond maturing on August 1, 2050, is also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Payment Date (August 1)	**Mandatory Sinking Fund Payment Amount**
2047	$31,750,000
2048	49,475,000
2049	50,960,000
2050†	69,945,000

† Final Maturity

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced as specified by the District, in $5,000 increments, by the amount of any 2020C-1 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Selection of Redemption. If less than all of the 2020C-1 Bonds are called for redemption, such 2020C-1 Bonds shall be redeemed in such maturities as is directed by the District. Whenever less than all of the 2020C-1 Bonds of any one maturity are designated for redemption, the Trustee shall select the 2020C-1 Bonds to be redeemed by lot in any manner deemed fair by the Trustee. For purposes of such selection, each 2020C-1 Bond shall be deemed to consist of individual 2020C-1 Bonds of $5,000 denominations each, which may be separately redeemed.

Notice and Effect of Redemption. Notice of any redemption of any 2020C-1 Bonds shall be given by the Trustee upon written request of the District by first class mail to the registered owners of any 2020C-1 Bonds designated for redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date. Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the 2020C-1 Bonds and the date of issue of the 2020C-1 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the 2020C-1 Bonds to be redeemed; (vi) (if less than all of the 2020C-1 Bonds of any maturity are to be redeemed) the distinctive numbers of the 2020C-1 Bonds of each maturity to be redeemed; (vii) (in the case of 2020C-1 Bonds redeemed in part only) the respective portions of the principal amount of the 2020C-1 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of 2020C-1 Bonds to be redeemed; (ix) a statement that such 2020C-1 Bonds must be surrendered by the Owners at the principal corporate trust office of the Trustee, or at such other place or places designated by the Trustee; and (x) notice that further interest on such 2020C-1 Bonds will not accrue from and after the designated redemption date. A certificate of the Trustee or the District that notice of redemption has been given to Owners and to the appropriate securities depositories and as may be further required in the Continuing Disclosure Agreement shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or by any securities depository or any other party of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such 2020C-1 Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for in the Trust Agreement, and when the redemption price of the 2020C-1 Bonds called for redemption is set aside as provided in the Trust Agreement, the 2020C-1 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such 2020C-1 Bonds at the place specified in the notice of redemption, such 2020C-1 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such 2020C-1 Bonds so called for redemption after such redemption date shall look for the payment of such 2020C-1 Bonds and the redemption premium thereon, if any, only to the interest and sinking fund of the District (the "Interest and Sinking Fund") or the escrow fund established for such purpose. All 2020C-1 Bonds redeemed shall be cancelled forthwith by the Trustee and shall not be reissued.

Conditional Notice. Any notice of optional redemption delivered with respect to the 2020C-1 Bonds may be conditioned on any fact or circumstance stated therein, and if such condition stated in the notice of redemption will not have been satisfied on or prior to the redemption date, said notice will be of no force and effect, the redemption will be cancelled, and the District will not be required to redeem the 2020C-1 Bonds that were the subject of the notice. The Trustee will within a reasonable time thereafter give notice of such cancellation to the persons and in the manner in which notice of redemption was originally given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the Owner of any 2020C-1 Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Right to Rescind Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for optional redemption by causing written notice of the rescission to be given to the registered owners of the 2020C-1 Bonds so called for redemption. In addition, any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund established pursuant to the Trust Agreement or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2020C-1 Bonds called for redemption. Any notice of rescission shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the registered owner of any 2020C-1 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the registered owners of all outstanding 2020 Bonds all of the principal, interest and premium, if any, represented by 2020 Bonds at the times and in the manner provided in the Trust Agreement and in the 2020 Bonds, or as provided pursuant to the provisions of the Trust Agreement described in the following paragraph, or as otherwise provided by law consistent with the Trust Agreement, then such registered owners shall cease to be entitled to the obligation of the District to levy taxes for payment of the 2020 Bonds as described in the Trust Agreement, and such obligation and all agreements and covenants of the District to such registered owners under the Trust Agreement and under the 2020 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of and premium, if any, and interest on the 2020 Bonds, but only out of monies or securities on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment.

Pursuant to the Trust Agreement, the District may pay and discharge any or all of the 2020 Bonds by depositing in trust with the Trustee (or an escrow agent) at or before maturity, lawful money of the United States of America or non-callable Investment Securities described in clauses (i), (ii) or (vi) of the definition thereof, in an amount which, together with the interest to accrue thereon, will be fully sufficient to pay and discharge the indebtedness on such 2020 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. See Appendix H – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" herein.

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DEBT SERVICE SCHEDULES

The following table sets forth annual debt service on the 2020 Bonds together with the annual debt service of the prior series of bonds issued pursuant to Measure RR, Measure AA and the aggregate debt service of all general obligation bonds of the District:

Year Ending August 1	Outstanding Measure RR Bonds Debt Service	2020 Bonds[1] Principal	2020 Bonds[1] Interest	Total 2020 Bonds Debt Service	Aggregate Measure RR Bonds Debt Service	Aggregate Measure AA[3] Bonds Debt Service	Aggregate GO Bonds Debt Service
2021	$34,230,700.00	$74,995,000.00	$18,931,464.03	$93,926,464.03[2]	$128,157,164.03	$55,933,443.66	$184,090,607.69[4]
2022	34,228,200.00	-	20,398,300.00	20,398,300.00	54,626,500.00	54,655,593.66	109,282,093.66
2023	34,228,050.00	-	20,398,300.00	20,398,300.00	54,626,350.00	54,655,343.66	109,281,693.66
2024	34,226,950.00	9,560,000.00	20,398,300.00	29,958,300.00	64,185,250.00	54,656,843.66	118,842,093.66
2025	34,229,200.00	10,035,000.00	19,920,300.00	29,955,300.00	64,184,500.00	54,655,293.66	118,839,793.66
2026	34,231,950.00	10,530,000.00	19,418,550.00	29,948,550.00	64,180,500.00	54,657,643.66	118,838,143.66
2027	34,228,700.00	11,065,000.00	18,892,050.00	29,957,050.00	64,185,750.00	54,655,593.66	118,841,343.66
2028	34,233,200.00	11,610,000.00	18,338,800.00	29,948,800.00	64,182,000.00	54,656,093.66	118,838,093.66
2029	34,233,450.00	12,195,000.00	17,758,300.00	29,953,300.00	64,186,750.00	54,654,343.66	118,841,093.66
2030	34,232,950.00	12,800,000.00	17,148,550.00	29,948,550.00	64,181,500.00	54,656,101.86	118,837,601.86
2031	34,229,950.00	13,315,000.00	16,636,550.00	29,951,550.00	64,181,500.00	54,658,065.76	118,839,565.76
2032	34,232,700.00	13,850,000.00	16,103,950.00	29,953,950.00	64,186,650.00	54,653,762.76	118,840,412.76
2033	34,230,750.00	14,405,000.00	15,549,950.00	29,954,950.00	64,185,700.00	54,652,833.86	118,838,533.86
2034	34,232,750.00	14,980,000.00	14,973,750.00	29,953,750.00	64,186,500.00	54,655,660.26	118,842,160.26
2035	34,230,700.00	15,580,000.00	14,374,550.00	29,954,550.00	64,185,250.00	54,656,544.76	118,841,794.76
2036	34,229,300.00	16,205,000.00	13,751,350.00	29,956,350.00	64,185,650.00	54,653,452.50	118,839,102.50
2037	34,231,100.00	16,685,000.00	13,265,200.00	29,950,200.00	64,181,300.00	54,656,946.50	118,838,246.50
2038	34,231,650.00	17,185,000.00	12,764,650.00	29,949,650.00	64,181,300.00	54,656,950.00	118,838,250.00
2039	34,234,300.00	25,560,000.00	12,249,100.00	37,809,100.00	72,043,400.00	-	72,043,400.00
2040	34,227,000.00	26,080,000.00	11,737,900.00	37,817,900.00	72,044,900.00	-	72,044,900.00
2041	34,230,750.00	26,595,000.00	11,216,300.00	37,811,300.00	72,042,050.00	-	72,042,050.00
2042	34,229,400.00	27,130,000.00	10,684,400.00	37,814,400.00	72,043,800.00	-	72,043,800.00
2043	34,226,800.00	27,675,000.00	10,141,800.00	37,816,800.00	72,043,600.00	-	72,043,600.00
2044	34,230,200.00	28,780,000.00	9,034,800.00	37,814,800.00	72,045,000.00	-	72,045,000.00
2045	34,232,500.00	29,930,000.00	7,883,600.00	37,813,600.00	72,046,100.00	-	72,046,100.00
2046	34,231,200.00	31,125,000.00	6,686,400.00	37,811,400.00	72,042,600.00	-	72,042,600.00
2047	34,230,150.00	31,750,000.00	6,063,900.00	37,813,900.00	72,044,050.00	-	72,044,050.00
2048	17,457,150.00	49,475,000.00	5,111,400.00	54,586,400.00	72,043,550.00	-	72,043,550.00
2049	17,458,500.00	50,960,000.00	3,627,150.00	54,587,150.00	72,045,650.00		72,045,650.00
2050	-	69,945,000.00	2,098,350.00	72,043,350.00	72,043,350.00	-	72,043,350.00
Total[1]	**$959,140,200.00**	**$700,000,000.00**	**$405,557,964.03**	**$1,105,557,964.03**	**$2,064,698,164.03**	**$985,080,511.20**	**$3,049,778,675.23**

(1) Totals may reflect rounding.
(2) Includes debt service to be paid from a portion of proceeds of the 2020 Bonds through February 1, 2021.
(3) Measure AA refers to the bond measure approved by the voters in the Three BART Counties at the November 2, 2004 election, pursuant to which the District issued $980 million of general obligation bonds between 2004 and 2019.
(4) The net aggregate debt service, subtracting the principal of and interest on the 2020C-2 Bonds to be paid from proceeds at maturity on September 15, 2020, is $109,089,233.11.

SECURITY AND SOURCE OF PAYMENT FOR THE 2020 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the 2020 Bonds, the District is empowered and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to all other taxes levied upon property within the District. Such taxes, when collected and received by the respective BART county collecting such taxes on behalf of the District, will be deposited in the Interest and Sinking Fund for the bonds authorized by Measure RR, including the 2020 Bonds.

The District, in the Trust Agreement, pledges all revenues from the property taxes collected from the levy for the payment of the Bonds, and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of, and interest on, such Bonds. The Trust Agreement provides that the pledge will be valid and binding from the date of the Trust Agreement for the benefit of the owners of the Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund will be immediately subject to this pledge, and the pledge will constitute a lien and security interest which will immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and will be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of the pledge contained in the Trust Agreement means all bonds of the District heretofore or hereafter issued pursuant to the voter-approved Measure RR of the District, including the 2020 Bonds.

California Government Code Section 53515 (enacted by California Senate Bill 222 (2015), effective January 1, 2016), provides that general obligation bonds are secured by a statutory lien on the *ad valorem* taxes levied and collected to pay principal and interest thereon. For more information, see "INVESTMENT CONSIDERATIONS – Limitation on Remedies" herein.

Property Taxation System

Local property taxation is the responsibility of the District and various officers of each of the Three BART Counties. In each county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding Bonds in each year, the District computes the rate of tax necessary to pay such debt service and transmits that information to each county auditor-controller. Each county auditor-controller prepares the tax rolls, and presents those rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. Each county treasurer-tax collector prepares and mails bills to taxpayers and collects the taxes. The treasurer-tax collectors of Alameda County, Contra Costa County and the City and County of San Francisco transmit the tax revenues collected to pay the District's outstanding general obligation bonds directly to the Trustee. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. The District levies taxes through the combination of its own actions and the actions of county officers as described above for payment of voter-approved bonds. The District receives an additional allocation of property taxes for general operating purposes which constitute a part of each county's general 1% levy. These taxes are deposited in the District's general fund and are used by the District for operations.

Assessed Valuation of Property Within the District

As required by the law of the State, the District utilizes the services of each of the Three BART Counties for the assessment and collection of *ad valorem* taxes on property, as discussed above. Such District taxes are collected at the same time and on the same tax rolls as are county, school district, and other special district taxes. The Three BART Counties have each adopted, subject to certain limitations, an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (each, a "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, as described under "—Tax Rates, Collections and Delinquencies" and "—Teeter Plans" below.

Under Proposition 13, an amendment adopted in 1978 which added Article XIIIA to the California Constitution ("Article XIIIA"), the county assessor's valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property not otherwise adjusted may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold, and that may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. Residences newly constructed or acquired prior to a downturn in the housing market may substantially decrease in assessed value. Other factors which may affect the value of property and cause it to decline are substantial damage, destruction, or inflation. See "CONSTITUTIONAL LIMITATIONS" and "INVESTMENT CONSIDERATIONS" below.

State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. State law also exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling provided that the owner files for such exemption.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the District's Bonds.

The following table shows a recent history of the assessed valuation of property in the District ("Fiscal Year" refers to fiscal years of July 1 through the following June 30 of the years indicated).

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San Francisco Bay Area Rapid Transit District
Assessed Valuation
(Fiscal Years Ending June 30)

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
		City and County of San Francisco Portion			
2008-09	$130,824,730,768	$79,163,963	$9,061,373,546	$139,965,268,277	8.79%
2009-10	139,453,860,923	50,879,439	10,405,985,652	149,910,726,014	7.11
2010-11	146,680,168,492	43,565,042	9,446,789,960	156,170,523,494	4.18
2011-12	147,612,367,616	41,527,475	9,249,419,572	156,903,314,663	0.47
2012-13	153,348,031,902	46,515,990	9,764,668,943	163,159,216,835	3.99
2013-14	160,650,767,471	35,943,747	9,867,122,786	170,553,834,004	4.53
2014-15	169,001,854,462	32,843,747	10,734,859,006	179,769,557,215	5.40
2015-16	180,311,079,707	250,473,678	11,784,296,408	192,345,849,793	7.00
2016-17	195,319,718,011	242,464,205	13,750,364,838	209,312,547,054	8.82
2017-18	217,167,706,689	456,895,690	14,017,474,513	231,642,076,892	10.67
2018-19	241,800,535,728	453,925,863	14,410,415,905	256,664,877,496	10.80
2019-20	261,018,657,481	437,144,893	17,009,940,509	278,465,742,883	8.49
		Alameda County Portion			
2008-09	$190,471,878,466	$94,381,821	$10,984,359,699	$201,550,619,986	4.81%
2009-10	184,783,512,536	98,948,510	11,426,546,149	196,309,007,195	-2.60
2010-11	181,685,580,407	97,581,171	11,448,265,391	193,231,426,969	-1.57
2011-12	181,858,450,818	71,523,308	11,273,954,399	193,203,928,525	-0.01
2012-13	185,782,114,251	261,640,769	11,629,397,550	197,673,152,570	2.31
2013-14	195,515,528,517	969,629,855	11,531,178,412	208,016,336,784	5.23
2014-15	208,003,389,831	770,033,506	11,695,232,865	220,468,656,202	5.99
2015-16	224,219,586,188	758,810,176	12,564,441,697	237,542,838,061	7.74
2016-17	240,518,829,251	726,989,170	12,841,386,839	254,087,205,260	6.96
2017-18	257,329,548,075	597,814,349	13,101,928,319	271,029,290,743	6.67
2018-19	275,571,099,438	560,652,352	13,666,895,652	289,798,647,442	6.93
2019-20	294,758,415,232	543,751,013	15,049,638,027	310,351,804,272	7.09
		Contra Costa County Portion			
2008-09	$151,955,031,630	$576,695,232	$4,997,996,781	$157,529,723,643	0.23%
2009-10	140,354,485,948	557,056,345	5,288,096,603	146,199,638,896	-7.19
2010-11	135,669,128,300	560,296,728	5,037,631,621	141,267,056,649	-3.37
2011-12	134,765,284,339	539,960,865	5,240,695,911	140,545,941,115	-0.51
2012-13	135,755,672,418	590,750,775	5,454,953,657	141,801,376,850	0.89
2013-14	140,680,879,833	986,316,033	5,404,238,387	147,071,434,253	3.72
2014-15	153,890,877,314	1,093,614,055	5,485,371,422	160,469,862,791	9.11
2015-16	166,143,700,424	989,438,611	5,238,343,881	172,371,482,916	7.42
2016-17	176,545,464,148	969,779,069	5,145,073,152	182,660,316,369	5.97
2017-18	186,998,751,975	732,963,837	5,198,546,983	192,930,262,795	5.62
2018-19	198,900,921,175	660,996,279	5,490,387,706	205,052,305,160	6.28
2019-20	209,515,810,794	622,389,632	5,712,374,229	215,850,574,655	5.27
		Total			
2008-09	$473,251,640,864	$750,241,016	$25,043,730,026	$499,045,611,906	4.37%
2009-10	464,591,859,407	706,884,294	27,120,628,404	492,419,372,105	-1.33
2010-11	464,034,877,199	701,442,941	25,932,686,972	490,669,007,112	-0.36
2011-12	464,236,102,773	653,011,648	25,764,069,882	490,653,184,303	0.00
2012-13	474,885,818,571	898,907,534	26,849,020,150	502,633,746,255	2.44
2013-14	496,847,175,821	1,991,889,635	26,802,539,585	525,641,605,041	4.58
2014-15	530,896,121,607	1,896,491,308	27,915,463,293	560,708,076,208	6.67
2015-16	570,674,366,319	1,998,722,465	29,587,081,986	602,260,170,770	7.41
2016-17	612,384,011,410	1,939,232,444	31,736,824,829	646,060,068,683	7.27
2017-18	661,496,006,739	1,787,673,876	32,317,949,815	695,601,630,430	7.67
2018-19	716,272,556,341	1,675,574,494	33,567,699,263	751,515,830,098	8.04
2019-20	765,292,883,507	1,603,285,538	37,771,952,765	804,668,121,810	7.07

Source: California Municipal Statistics, Inc.

Based upon information provided by the office of the Auditor-Controller for Contra Costa County, and by the Office of the Auditor-Controller for Alameda County and by the Office of the Controller of the City and County of San Francisco, the assessed value of taxable property within the District was approximately $804.7 billion in Fiscal Year 2019-20. Assessed value increased in Fiscal Year 2019-20 from Fiscal Year 2018-19 by approximately $53.2 billion, or 7.07%. Assessed values could decline or rise due to factors beyond the District's control, including taxpayer appeal, general economic conditions, or earthquakes or other natural or manmade disasters. The assessed value has grown by approximately 63.4% over the last ten years, with a ten-year compound annual growth rate of approximately 5.03%. See "CONSTITUTIONAL LIMITATIONS" and "INVESTMENT CONSIDERATIONS," below, and Appendix D – "THE ECONOMY OF THE THREE BART COUNTIES."

The District has received final assessed valuation data for Fiscal Year 2020-21 from the office of the Auditor-Controller of Alameda County, the office of the Auditor-Controller of the City and County of San Francisco, and the Office of the Auditor-Controller of Contra Costa County. The following table displays the Fiscal Year 2020-21 assessed valuation data the District has received from each of the Three BART Counties:

San Francisco Bay Area Rapid Transit District
Assessed Valuation
(Fiscal Year Ending June 30, 2021)

County	Local Secured[(1)]	Utility	Total Secured	Unsecured[(1)]	Total	% Change
San Francisco	$280,818,331,421	$433,728,865	$281,252,060,286	$17,524,316,683	$298,776,376,969	7.29%
Alameda	314,647,881,380	525,605,390	315,173,486,770	16,286,416,056	331,459,902,826	6.80
Contra Costa	219,762,711,807	566,730,999	220,329,442,806	5,955,036,112	226,284,478,918	4.83
Total	$815,228,924,608	$1,526,065,254	$816,754,989,862	$39,765,768,851	$856,520,758,713	6.44%

Source: City and County of San Francisco Auditor-Controller; Alameda County Auditor-Controller; Contra Costa County Auditor-Controller.
(1) Local secured and unsecured assessed valuation includes homeowners' exemptions, but is net of all other miscellaneous exemptions.

The negative economic effects of the COVID-19 pandemic are likely to result in decreases in assessed valuation and increases in delinquencies, which will require the District to increase the amount of the tax levy to ensure sufficient tax revenues to pay the 2020 Bonds. The District is required by law to establish a tax rate sufficient to produce enough tax revenues to pay the 2020 Bonds. See "—Property Taxation System" above.

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The following table gives the distribution of taxable property in the District by location.

San Francisco Bay Area Rapid Transit District
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Alameda	$ 14,580,243,935	1.81%	$14,580,243,935	100.000%
City of Albany	2,967,174,381	0.37	$2,967,174,381	100.000%
City of Antioch	11,391,910,533	1.42	$11,391,910,533	100.000%
City of Berkeley	20,787,912,797	2.58	$20,787,912,797	100.000%
City of Brentwood	10,640,961,904	1.32	$10,640,961,904	100.000%
City of Clayton	2,363,949,198	0.29	$2,363,949,198	100.000%
City of Concord	17,976,939,150	2.23	$17,976,939,150	100.000%
Town of Danville	13,815,885,863	1.72	$13,815,885,863	100.000%
City of Dublin	17,904,061,995	2.23	$17,904,061,995	100.000%
City of El Cerrito	4,599,745,016	0.57	$4,599,745,016	100.000%
City of Emeryville	5,985,557,932	0.74	$5,985,557,932	100.000%
City of Fremont	54,562,404,571	6.78	$54,562,404,571	100.000%
City of Hayward	23,805,439,230	2.96	$23,805,439,230	100.000%
City of Hercules	3,905,899,543	0.49	$3,905,899,543	100.000%
City of Lafayette	8,898,619,910	1.11	$8,898,619,910	100.000%
City of Livermore	20,247,554,285	2.52	$20,247,554,285	100.000%
City of Martinez	6,340,920,246	0.79	$6,340,920,246	100.000%
Town of Moraga	4,493,281,160	0.56	$4,493,281,160	100.000%
City of Newark	10,380,082,354	1.29	$10,380,082,354	100.000%
City of Oakland	63,514,406,227	7.89	$63,514,406,227	100.000%
City of Oakley	4,746,995,045	0.59	$4,746,995,045	100.000%
City of Orinda	7,393,956,615	0.92	$7,393,956,615	100.000%
City of Piedmont	4,744,091,256	0.59	$4,744,091,256	100.000%
City of Pinole	2,660,030,211	0.33	$2,660,030,211	100.000%
City of Pittsburg	7,779,193,197	0.97	$7,779,193,197	100.000%
City of Pleasant Hill	6,616,832,643	0.82	$6,616,832,643	100.000%
City of Pleasanton	25,241,143,501	3.14	$25,241,143,501	100.000%
City of Richmond	15,788,577,893	1.96	$15,788,577,893	100.000%
City of San Francisco	278,465,742,883	34.61	$278,465,742,883	100.000%
City of San Leandro	14,205,469,618	1.77	$14,205,469,618	100.000%
City of San Pablo	2,005,263,508	0.25	$2,005,263,508	100.000%
City of San Ramon	22,556,688,916	2.80	$22,556,688,916	100.000%
City of Union City	10,888,024,312	1.35	$10,888,024,312	100.000%
City of Walnut Creek	19,802,020,412	2.46	$19,802,020,412	100.000%
Unincorporated Alameda County	20,538,237,878	2.55	$20,538,237,878	100.000%
Unincorporated Contra Costa County	42,072,903,692	5.23	$42,072,903,692	100.000%
Total District	$804,668,121,810	100.00%		
Summary by County:				
Alameda County	$310,351,804,272	38.57%	$310,351,804,272	100.000%
Contra Costa County	215,850,574,655	26.82	$215,850,574,655	100.000%
San Francisco City and County	278,465,742,883	34.61	$278,465,742,883	100.000%
	$804,668,121,810	100.00%		

Source: California Municipal Statistics, Inc.

The following table shows the local secured assessed valuation and number of parcels by land use category for property in the District for Fiscal Year 2019-20.

San Francisco Bay Area Rapid Transit District
Assessed Valuation and Parcels by Land Use

Non-Residential:	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 3,874,025,119	0.51%	6,001	0.58%
Commercial/Office	123,752,988,874	16.14	28,311	2.73
Vacant Commercial	2,467,274,092	0.32	2,227	0.21
Industrial	48,352,932,167	6.31	11,462	1.11
Vacant Industrial	2,225,012,885	0.29	2,231	0.22
Power Plants/Utility Roll	1,603,285,538	0.21	107	0.01
Recreational	2,575,881,063	0.34	2,219	0.21
Government/Social/Institutional	2,458,178,209	0.32	23,557	2.27
Miscellaneous	996,321,637	0.13	2,287	0.22
Subtotal Non-Residential	$188,305,899,584	24.55%	78,402	7.57%
Residential:				
Single Family Residence	$389,718,824,117	50.82%	691,815	66.78%
Condominium/Townhouse	85,384,036,483	11.13	150,124	14.49
Mobile Home	176,492,278	0.02	4,201	0.41
2-4 Residential Units	36,789,000,195	4.80	55,627	5.37
5+ Residential Units/Apartments	57,480,286,081	7.50	22,777	2.20
Timeshare Units	136,621,626	0.02	5,398	0.52
Vacant Residential	5,840,181,204	0.76	23,409	2.26
Subtotal Residential	$575,525,441,984	75.05%	953,351	92.02%
Unclassified Vacant Parcels	$3,064,827,477	0.40%	4,274	0.41%
Total	$766,896,169,045	100.00%	1,036,027	100.00%

(1) Total Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Tax Rates, Collections and Delinquencies

Ad valorem taxes are levied for each Fiscal Year on taxable real and personal property on the tax rolls as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed and the current year's tax rate is applied to the reassessed value for the remainder of the tax year. The annual tax rate is limited to the 1% general county levy of the full cash value, plus the amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year, including the 2020 Bonds. The rate of tax necessary to pay fixed debt service on the 2020 Bonds in a given year will depend on the assessed value of taxable property in that year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, fire, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the 2020 Bonds.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property secured by a lien which is sufficient, in the opinion of the applicable County Assessor if relating to property in Alameda County or Contra Costa County, or in the opinion of the Assessor-Recorder if relating to property in the City and County of San Francisco, to secure payment of the taxes. All other taxable property is assessed on the "unsecured roll" which generally comprises all property not attached to land, such as personal property or business equipment not otherwise exempt from taxation. State law requires that the assessment roll be finalized by August 20 of each year. Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent (10%) attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five (5) years or more, the property is deeded to the State and then may be sold at public auction by the applicable County Treasurer-Tax Collector if relating to property in Alameda County or Contra Costa County and by the Assessor-Recorder if relating to property in the City and County of San Francisco.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent on August 31. A ten percent (10%) penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches on the first day of each month until paid. Each of the Three BART Counties has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment, such judgment to be filed in the office of the County Clerk-Recorder if relating to property in Alameda County or Contra Costa County, and to be filed in the office of the Assessor-Recorder if relating to property in the City and County of San Francisco, specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) recording a certificate of delinquency in the office of the County Clerk-Recorder if relating to property in Alameda County or Contra Costa County, and to be filed in the office of the Assessor-Recorder in the City and County of San Francisco if relating to property in the City and County of San Francisco in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Property owners have a right to appeal the county assessor's valuation of their real property. See "INVESTMENT CONSIDERATIONS – Reassessments and Appeals of Assessed Values."

Generally, once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage lender, all past due property taxes, penalties, and interest are required to be paid before such property is transferred to a purchaser or new owner. However, in response to the COVID-19 pandemic, the Governor signed Executive Order N-61-20 which suspends the collection of interest, penalties, and costs on certain property specified in Executive Order N-61-20, as further described below.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the COVID-19 pandemic or other pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, or toxic dumping. For example, due to reduced demand for gasoline and jet fuel caused by the COVID-19 pandemic and restrictions on travel, oil refineries in Contra Costa County have curtailed production of transportation fuels and other refined products. The Marathon Petroleum Corporation recently announced that it will indefinitely cease operations at its refinery in Contra Costa County, affecting an estimated 3,000 workers and related contract laborers. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression, stemming from the effects of the COVID-19 pandemic or otherwise, could impact the ability or willingness of property owners within the Three BART Counties to pay property taxes in the future. See "– Largest Taxpayers in the District" below. For more information on the impact of the COVID-19 pandemic, see "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak" and Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – THE BART SYSTEM – Ridership" and "– Adopted Budget for Fiscal Year 2019-20 and Adopted Budget for Fiscal Year 2020-21."

In connection with the COVID-19 pandemic, the California Association of County Treasurers and Tax Collectors issued a statement indicating that, with respect to the April 10 deadline for the second installment of property taxes, counties (including each of the Three BART Counties) anticipate waiving penalties, costs or other charges resulting from tax delinquency due to reasonable cause and circumstances related to the pandemic, for Fiscal Year 2019-20. The District cannot predict the extent of delinquencies and delayed tax collections, or the resulting impact on the District's financial condition or operations. However, each of the Three BART Counties has adopted a Teeter Plan, and two of the Three BART Counties, Contra Costa County and the City and County of San Francisco, distributes to the District the amount levied instead of the amount actually collected. Alameda County does not apply the Teeter Plan to the payment of District general obligation bonds. Taxes levied to pay the 2020 Bonds in the City and County of San Francisco and the County of Contra Costa are included in their respective Teeter Plans. See "– Teeter Plans." To address the potential delinquency risk, the District includes an estimated increase in the tax rate, historically in the 3-5 percent range, depending on current economic conditions, and determines the tax rate solely on the secured assessed value of property.

Executive Order N-61-20 suspends provisions of the California Revenue and Taxation Code requiring collection of interest, penalties, and costs through May 6, 2021, for late payments of property taxes by homeowners and small businesses that are not subject to impounds and were not delinquent prior to March 4, 2020, upon the taxpayer demonstrating to the satisfaction of the tax collector that the taxpayer has suffered economic hardship, or was otherwise unable to tender payment of taxes in a timely fashion, due to the COVID-19 pandemic, or any local, state, or federal government response to COVID-19. The order did not materially reduce the payments received by the District in Fiscal Year 2019-20. However, the District is unable to predict the effect such order will have on the actual collections of property taxes in Fiscal Year 2020-21.

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The following table shows recent history of real property tax collections and delinquencies in the District.

San Francisco Bay Area Rapid Transit District
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent as of June 30	% Delinquent as of June 30
	City and County of San Francisco		
2008-09	$1,593,133,350	$36,662,160	2.30%
2009-10	1,691,156,025	38,793,839	2.29
2010-11	1,768,368,141	29,102,564	1.65
2011-12	1,810,103,262	25,476,315	1.41
2012-13	1,878,868,414	20,668,235	1.10
2013-14	2,018,013,991	19,020,178	0.94
2014-15	1,996,955,408	15,959,828	0.80
2015-16	2,146,646,004	14,089,301	0.66
2016-17	2,310,696,197	12,020,054	0.52
2017-18	2,556,736,908	14,820,215	0.58
2018-19	2,824,518,111	17,721,353	0.63
	Alameda County		
2008-09	$2,678,200,557	$120,458,280	4.50%
2009-10	2,672,803,086	87,299,945	3.27
2010-11	2,622,091,573	66,671,453	2.54
2011-12	2,677,341,749	57,514,916	2.15
2012-13	2,728,535,736	42,358,154	1.55
2013-14	2,881,348,672	36,423,504	1.26
2014-15	3,061,123,272	34,486,942	1.13
2015-16	3,246,190,994	41,818,285	1.29
2016-17	3,464,296,368	40,054,443	1.16
2017-18	3,769,332,149	35,390,342	0.94
2018-19	4,064,040,849	38,260,609	0.94
	Contra Costa County		
2008-09	$2,023,534,994	$81,981,494	4.05%
2009-10	1,942,410,318	53,621,790	2.76
2010-11	1,871,495,451	34,561,134	1.85
2011-12	1,914,539,235	54,091,753	2.83
2012-13	1,910,681,659	20,720,820	1.08
2013-14	2,018,861,039	19,163,615	0.95
2014-15	2,198,680,361	18,988,337	0.86
2015-16	2,323,318,942	18,134,715	0.78
2016-17	2,443,499,532	18,332,203	0.75
2017-18	2,589,121,926	17,384,044	0.67
2018-19	2,755,201,406	19,550,849	0.71
	Total Three BART Counties		
2008-09	$6,294,868,901	$239,101,934	3.80%
2009-10	6,306,369,429	179,715,574	2.85
2010-11	6,261,955,165	130,335,151	2.08
2011-12	6,401,984,246	137,082,984	2.14
2012-13	6,518,085,809	83,747,209	1.28
2013-14	6,918,223,702	74,607,294	1.08
2014-15	7,256,759,041	69,435,107	0.96
2015-16	7,716,155,940	74,042,301	0.96
2016-17	8,218,492,097	70,406,700	0.86
2017-18	8,915,190,983	67,594,601	0.76
2018-19	9,643,760,366	75,532,811	0.78

(1) All taxes collected by the county.
Source: California Municipal Statistics, Inc.

Teeter Plans

The City and County of San Francisco, the County of Alameda and the County of Contra Costa each adopted a Teeter Plan, as provided for in Section 4701 *et. seq.* of the California Revenue and Taxation Code. Under each Teeter Plan, each participating local agency levying property taxes is credited the amount of uncollected taxes in the same manner as if the amount credited had been collected. In return, the City and County of San Francisco, the County of Alameda and the County of Contra Costa receive and retain delinquent payments, penalties and interest as collected, that otherwise would have been due to the local agency. Taxes to pay the 2020 Bonds collected in the City and County of San Francisco and the County of Contra Costa are included in their respective Teeter Plans. The County of Alameda does not apply its Teeter Plan to collections of taxes for general obligation bonds, including the 2020 Bonds.

Each Teeter Plan is to remain in effect unless the Board of Supervisors of the applicable County orders its discontinuance or unless, prior to the commencement of a County's fiscal year (which commences on July 1), the Board of Supervisors of such County receives a petition for its discontinuance joined in by resolutions duly adopted by the governing boards of at least two-thirds of the participating revenue districts in such County. The applicable Board of Supervisors may, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency in such County if the rate of secured tax delinquency in that agency in any year exceeds three percent (3%) of the total of all taxes and assessments levied on the secured rolls in that agency. See "—Tax Rates, Collections and Delinquencies" above.

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Largest Taxpayers in the District

The following table shows the largest secured taxpayers in the District. No secured taxpayer accounts for more than one percent of total assessed value, and the top twenty taxpayers in the District account for approximately 2.98% of total property taxes.

San Francisco Bay Area Rapid Transit District
Largest Local Secured Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	County	2019-20 Assessed Valuation	% of Total[1]
1.	Chevron USA Inc.	Industrial – Refinery	Contra Costa	$ 3,434,311,283	0.45%
2.	Tesla Motors Inc.	Industrial	Alameda	2,541,277,369	0.33
3.	Transbay Tower LLC	Office Building	San Francisco	1,691,744,881	0.22
4.	Equilon Enterprises LLC	Industrial – Refinery	Contra Costa	1,534,394,082	0.20
5.	HWA 555 Owners LLC	Office Building	San Francisco	1,297,718,368	0.17
6.	GSW Arena LLC	Sports Arena	San Francisco	1,093,259,361	0.14
7.	Marathon Petroleum Corporation	Industrial – Refinery	Contra Costa	1,019,740,012	0.13
8.	Elm Property Venture LLC	Office Building	San Francisco	1,005,060,856	0.13
9.	SHR Group LLC	Hotel	San Francisco	996,257,942	0.13
10.	Kilroy Realty LP/Kilroy Realty 303 LLC	Office Building	San Francisco	857,176,646	0.11
11.	Phillips 66 Company	Industrial – Refinery	Contra Costa	851,519,509	0.11
12.	PPF Paramount One Market Plaza	Office Building	San Francisco	850,993,350	0.11
13.	Parkmerced Owner LLC	Apartments	San Francisco	827,959,980	0.11
14.	Essex Portfolio LP	Apartments	Alameda/Contra Costa/San Francisco	803,011,373	0.10
15.	KR Mission Bay LLC	Office Building	San Francisco	789,225,180	0.10
16.	SFDC 50 Fremont LLC	Office Building	San Francisco	733,272,594	0.10
17.	Ponte Gadea California LLC	Commercial – Retail	San Francisco	679,132,477	0.09
18.	Emporium Mall LLC	Shopping Center	San Francisco	631,068,118	0.08
19.	Park Tower Owner LLC	Office Building	San Francisco	601,638,811	0.08
20.	One Front Street Eat LLC	Office Building	San Francisco	542,048,400	0.07
				$22,780,810,592	2.98%

[1] 2019-20 Total Secured Assessed Valuation: $765,292,883,507
Source: California Municipal Statistics, Inc.

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Taxation of State-Assessed Utility Property

Under the Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The State Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the State Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the State Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived.

The District is unable to predict future transfers of State-assessed property in the Three BART Counties, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Direct and Overlapping Debt Report

Contained within the District's boundaries are numerous overlapping local agencies. Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated July 1, 2020. The Debt Report speaks only as of its date and is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations are not payable from revenues of the District nor are they necessarily obligations secured by land within the District. The Debt Report does not include any information concerning any obligations authorized but not yet issued by any public agencies whose boundaries overlap the boundaries of the District in whole or in part.

The Debt Report does not include any information concerning sales tax revenue bonds issued by the District or obligations of the District, other than general obligation bonds, issued for the benefit of the District. For information concerning such sales tax revenue bonds and other obligations of the District, see Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS."

The first column in the table set forth on the following page names each public agency which has outstanding debt as of the date of the Debt Report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

San Francisco Bay Area Rapid Transit District
Schedule of Direct and Overlapping Bonded Debt

2019-20 Assessed Valuation: $804,668,121,810

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/20
Bay Area Rapid Transit District	**100. %**	**$ 1,282,740,000**[1]
Alameda County	100.	218,000,000
City and County of San Francisco	100.	2,152,476,741
Community College Districts	0.456-100.	2,224,354,557
Oakland Unified School District	100.	1,023,225,000
San Francisco Unified School District	100.	833,320,000
West Contra Costa Unified School District	100.	1,244,226,187
Other Unified School Districts	2.029-100.	5,054,157,843
Union High School Districts	100.	259,649,470
Elementary School Districts	100.	276,832,193
City of Oakland	100.	472,170,000
Other Cities	100.	268,089,293
East Bay Regional Park District	100.	155,835,000
Healthcare Districts	100.	379,982,000
Recreation and Park Districts	100.	131,980,000
Community Facilities Districts	100.	1,028,128,085
1915 Act Bonds and Parcel Tax Obligations	100.	300,946,163
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$17,306,112,532

OVERLAPPING GENERAL FUND DEBT:	% Applicable	Debt 7/1/20
Alameda County General Fund Obligations	100. %	$ 830,130,000
Contra Costa County General Fund and Pension Obligation Bonds	100.	318,174,653
City and County of San Francisco General Fund Obligations	100.	1,493,700,574
Community College District General Fund and Pension Obligation Bonds	100.	140,396,395
Unified School District General Fund Obligations	100.	216,557,755
Other School District Certificates of Participation	100.	3,034,392
City of Fremont Certificates of Participation	100.	92,180,008
City of Oakland General Fund and Pension Obligation Bonds	100.	323,825,581
City of Richmond General Fund and Pension Obligation Bonds	100.	177,695,217
Other City General Fund Obligations	100.	475,892,532
Fire Protection Districts General Fund and Pension Obligation Bonds	100.	64,660,796
Special District General Fund Obligations	100.	13,098,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$4,149,345,903
Less: Supported obligations		125,870,587
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$4,023,475,316
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,108,538,620
GROSS COMBINED TOTAL DEBT		$23,563,997,055[2]
NET COMBINED TOTAL DEBT		$23,438,126,468

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($1,282,740,000) 0.16%
Total Direct and Overlapping Tax and Assessment Debt 2.15%
Gross Combined Total Debt 2.93%
Net Combined Total Debt..2.91%

Ratio to Redevelopment Incremental Valuation ($99,627,337,395):
Total Overlapping Tax Increment Debt 2.12%

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS

Limitations on Tax Revenues

California Constitutional provisions allow for amendments by voter approval of qualified initiative petitions as well as legislative proposals. Over the years, such amendments have limited state and local taxing and spending powers, such as Proposition 98 that required approximately 48% of State general fund revenues to be expended on education. The following highlights certain provisions affecting the District.

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the one-percent (1%) limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The *ad valorem* tax for payment of the District's general obligation bonds including the 2020 Bonds under the 2016 Measure RR election falls within the exception for bonds approved by two-thirds vote.

Section 2 of Article XIIIA of the California Constitution defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Proposition 8 ("Proposition 8"), approved by California voters in November of 1978, subsequently amended Article XIIIA to permit reduction of the full cash value base in the event of declining property values caused by damage, destruction or other factors, and provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, and assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors. See "INVESTMENT CONSIDERATIONS – Reassessments and Appeals of Assessed Values." The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent (2%), depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the one percent (1%) base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property.

Both the California Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIIC and XIIID to the California Constitution. Article XIIIC 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, which is defined to include local or regional governmental agencies such as the District. Article XIIIC also removes limitations on the initiative power with regard to reducing or repealing previously authorized local taxes. Proposition 26, approved by the voters of California on November 2, 2010, also amended Article XIIIC to define "tax" to include in the two-thirds voter approval requirement local levies, charges or exactions previously considered fees with certain specified exemptions.

Article XIIID addresses assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

The interpretation and application of Proposition 218 and Proposition 26 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determinations.

Expenditures and Appropriations

Article XIIIB of the California Constitution. State and local government agencies in California are each subject to annual "appropriations limits" imposed by Article XIIIB of the Constitution of the State of California ("Article XIIIB"). Article XIIIB prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which include all tax revenues and investment earnings thereon, certain state subventions and certain other funds, including proceeds received by an entity of local government from regulatory licenses, user charges or other user fees to the extent that such proceeds exceed "the cost reasonably borne by that entity in providing the regulation, product, or service." "Appropriations subject to limitation" under Article XIIIB do not include appropriations required to comply with mandates of courts or of the Federal government, appropriations for qualified outlay projects (as defined by the Legislature), or appropriations for debt service on indebtedness existing prior to the passage of Article XIIIB or thereafter authorized by the voters.

As amended at the June 5, 1990 election by Proposition 111, Article XIIIB provides that, in general terms, the District's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIIIB. If revenues from "proceeds of taxes" during any two consecutive Fiscal Years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rate or fee schedules within the two subsequent Fiscal Years.

Section 7900 et seq. of the Government Code of the State of California defines certain terms used in Article XIIIB and sets forth the methods for determining the appropriations limits for local jurisdictions. The District's appropriations limit for the Fiscal Year ending June 30, 2021 is $669,868,280 and the "appropriations subject to the limitation" are $552,265,521, or $117,602,759 under the limit. It is not anticipated that the District will ever reach its appropriations limit. However, if it were ever to reach such limit, amounts appropriated to pay debt service on the Bonds are considered appropriations for capital outlay projects and therefore not subject to the limit.

Prohibitions on Diverting Local Revenues for State Purposes

Proposition 22, an initiative constitutional amendment adopted at the November 2010 election, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools. This was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State may have to take other actions to balance its budget in some years which could adversely affect State funding for transportation projects. One of the actions taken by the State Legislature was to dissolve redevelopment agencies, which was accomplished through the enactment of Assembly Bill No. 26 (First Extraordinary Session) in 2011 and Assembly Bill No. 1484 in 2012. The dissolution of redevelopment agencies by the State has had a modest positive impact on the District's finances related to the District's receipt of a portion of the 1% countywide general tax levy, which is used for general operating purposes.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 22, 26, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

One such proposed voter initiative, titled "The California Schools and Local Communities Funding Act of 2020" and commonly known as the "Split-Roll Initiative" has qualified for the November 3, 2020 general election ballot, and will appear as Proposition 15 thereon. Proposition 15 would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, Proposition 15 would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State general fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund.

The District cannot predict whether Proposition 15 will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of Proposition 15 will have on District revenues or the assessed valuation of real property in the Three BART Counties. However, if passed, implementation of Proposition 15, which would require reassessment of commercial properties, may result in difficulties in the tax assessment, appeals and collection process.

INVESTMENT CONSIDERATIONS

Economy of the Three BART Counties and the State

Until the recent outbreak of COVID-19, and the adverse economic impact of shelter-in-place orders instituted in the Three BART Counties in response to the outbreak, the economy of the Three BART Counties had enjoyed a period of robust development and expansion as evidenced by increases in sales tax revenues in recent years, employment rates, housing costs, assessed valuations, and total personal income. The District's financial condition is dependent upon the level of economic activity in the Three BART Counties and in the State generally.

For information relating to the COVID-19 pandemic, see "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak" and Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – THE BART SYSTEM – Ridership" and " – Adopted Budget for Fiscal Year 2019-20 and Adopted Budget for Fiscal Year 2020-21." For information relating to economic conditions within the Three BART Counties and the State, see Appendix D – "THE ECONOMY OF THE THREE BART COUNTIES." The ongoing COVID-19 pandemic is expected to have a material adverse effect on the various statistics presented in Appendix D, the extent of which is currently unknown and unpredictable, so the historical data presented in Appendix D should not be interpreted as a reflection of current or future economic conditions in the Three BART Counties or in the San Francisco Bay Area.

Risk of Earthquake

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area, most notably the Hayward Fault and the San Andreas Fault (both located within the District). On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco, and it caused fires and collapse of and structural damage to buildings, highways and bridges in the Bay Area. Neither earthquake caused damage to BART facilities.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (the "U.S.G.S."), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled the HayWired Earthquake Scenario, which estimates property damage and direct business disruption losses of $82 billion (in 2016 dollars) from a magnitude 7.0 earthquake on the Hayward Fault. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, District facilities could be damaged, and a major earthquake could adversely affect the area's economic activity, in addition to adversely affecting the assessed value of property in the District.

Climate Change

Hazards relating to climate change include sea level rise, flooding, heat wave, wildfire and severe storm and wind, all of which may have adverse effects on economic activity. Any such events, if unmitigated, may also have major impacts to BART stations, trackway, traction power, train control and maintenance yard/shops, as well as wayside facilities. The impacts may directly impact patron safety, cause service disruptions and require prolonged recovery.

BART is responding to climate change impacts by developing adaptation strategies and hardening its infrastructure against such hazards. BART has analyzed the risks of sea level rise and concluded that damage resulting from storm surges and sea level rise could result in up to approximately $650 million in damage without local and regional adaptation work, but that much of the damage could be mitigated by adaptation work valued at an estimated $70 million.

Current efforts to mitigate the effects of climate change include water intrusion mitigation, earthquake safety, erosion control, storm drainage treatment, power redundancy, and fire suppression. BART is also working with regional partners in the Bay Area to plan for regional adaptation needs. No assurance can be given that such measures will be sufficient to protect against all impacts of climate change.

Infectious Disease Outbreak

The District's financial results have been harmed and are expected to continue to be harmed by the recent outbreak of COVID-19, which has been designated a global pandemic by the World Health Organization and is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have seen significant recent volatility and decline that have been attributed to COVID-19 concerns. The United States Centers for Disease Control and Prevention and the California Department of Public Health have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. On March 16, each of the Three BART Counties issued shelter-in-place orders.

On March 27, 2020, the U.S. House of Representatives approved and President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act provides $25 billion in supplemental Federal Transit Authority grants to transit agencies across the country, approximately $1.3 billion of which is allocated to the San Francisco Bay Area. On April 22, the Metropolitan Transportation Commission, as the designated recipient of such funds, approved sub-allocations of approximately $780 million to various transit agencies in the San Francisco Bay Area, including approximately $250 million for the District, subject to specific future allocations by the Metropolitan Transportation Commission.

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic slowdown might have on the District's financial condition or operations, including potential impacts on the assessed values of property within the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2020 BONDS – Tax Rates, Collections and Delinquencies."

For a discussion regarding other impacts the District may face in connection with the COVID-19 pandemic, see Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – THE BART SYSTEM – Ridership" and " – Adopted Budget for Fiscal Year 2019-20 and Adopted Budget for Fiscal Year 2020-21."

Other Force Majeure Events

Operation of the BART System is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. The District cannot predict the potential impact of such events on the financial condition of the District.

Limitation on Remedies

The opinion of Bond Counsel notes that the rights and obligations under the 2020 Bonds and their enforceability are subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public transit districts like the District. BART cannot be forced into bankruptcy by an involuntary bankruptcy petition being filed against BART but, because it is a municipal governmental entity, BART may be eligible to file a bankruptcy petition under Chapter 9 ("Chapter 9") of the United States Bankruptcy Code under certain circumstances. Chapter 9 specifies that it does not limit or impair the power of the applicable state to control its municipalities in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. California law provides that the *ad valorem* taxes levied for BART's general obligation bonds must be used for no other purpose than the payment of principal of and interest on the 2020 Bonds. BART believes that this law would be respected in any bankruptcy proceeding so that the tax revenues could not be used by BART for any purpose other than to make payments on the 2020 Bonds, but there are very few court decisions as to the precise meaning of this provision of Chapter 9, and no assurance can be given that a bankruptcy court would not conclude otherwise.

If BART is in bankruptcy, the parties (including the Trustee and the holders of the 2020 Bonds) may be prohibited from taking any action to collect any amount payable by BART or to enforce any obligation of BART, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2020 Bonds from funds in the Trustee's possession. In addition, the obligation of BART and the Three BART Counties to raise taxes if necessary to pay the 2020 Bonds may no longer be enforceable if BART is in bankruptcy.

Possible adverse effects of a bankruptcy of BART include delays or reductions in payments on the 2020 Bonds or other losses to the holders of the 2020 Bonds. Regardless of any specific adverse determinations in a bankruptcy proceeding, the fact of a bankruptcy of BART could have an adverse effect on the liquidity and value of the 2020 Bonds.

Statutory Lien. All general obligation bonds issued by local agencies in California, including the 2020 Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem property tax. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply, preventing holders of the 2020 Bonds from enforcing their rights to payment from such taxes, so payments that become due and owing on the 2020 Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the 2020 Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the 2020 Bonds. Additionally, the *ad valorem* taxes levied for payment of the 2020 Bonds are permitted under the State Constitution only if the applicable bond proposition is approved by two-thirds of voters and such bonds must be issued for the acquisition or improvement of real property. Because State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the 2020 Bonds may be prohibited from taking any action to require BART or any of the Three BART Counties to make payments on the 2020 Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Series 2020 Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District, before the remaining revenues are paid to the owners of the 2020 Bonds.

If BART goes into bankruptcy and BART or any of the Three BART Counties has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if BART or any of the Three BART Counties, as applicable, does not voluntarily pay such tax revenues to the holders of the 2020 Bonds, it is not entirely clear what procedures the holders of the 2020 Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if any of the Three BART Counties goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

No Acceleration Provision

The Trust Agreement does not contain a provision allowing for the acceleration of the 2020 Bonds in the event of a default in the payment of principal and interest on the 2020 Bonds when due. In the event of a default by the District, each holder of a 2020 Bond will have the right to exercise the remedies, subject to the limitations thereon, set forth in the Trust Agreement.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the 2020C-1 Bonds could become includable in federal gross income, possibly from the date of issuance of the 2020C-1 Bonds, as a result of acts or omissions of the District subsequent to the issuance of the 2020C-1 Bonds. Should interest become includable in federal gross income, the 2020C-1 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Green Bonds Sustainability

The purpose of labeling the 2020 Bonds as "Green Bonds" is to allow owners of the 2020 Bonds to invest in bonds that have financed environmentally beneficial projects. The District does not make any representation as to the suitability of the 2020 Bonds to fulfill such environmental and sustainability criteria. The 2020 Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable," and therefore no assurance can be provided to investors that the projects refinanced by proceeds of the 2020 Bonds will continue to meet investor expectations regarding sustainability performance. Adverse environmental or social impacts may occur during the operation of such projects and where any negative impacts are insufficiently mitigated, such projects may become controversial, and/or may be criticized by activist groups and other stakeholders.

Reassessments and Appeals of Assessed Values

State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the applicable County Assessor (the "Assessor"), who may grant or refuse the request, and may appeal an assessment directly to the State Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers or blanket reassessments enacted by the assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the 2020 Bonds to increase accordingly, so that the fixed debt service on the 2020 Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the county treasurer against all taxing agencies who received tax revenues, including the District. See "CONSTITUTIONAL LIMITATIONS – Limitations on Tax Revenues – Article XIIIA of the California Constitution."

Cyber Security Risk

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The District has never had a major cyber breach that resulted in a financial loss.

No assurance can be given that the District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the District. The District is also reliant on other entities and service providers, such as the Trustee in its role as trustee, and U.S. Bank National Association in its role as dissemination agent in connection with the District's compliance with its continuing disclosure undertakings. No assurance can be given that the District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the owners of the 2020 Bonds, including for example, systems related to the timeliness of payments to owners of the 2020 Bonds or compliance with disclosure filings pursuant to the Continuing Disclosure Agreement. See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Insurance."

Threats and Acts of Terrorism

BART police and other law enforcement authorities have undertaken security measures in an effort to reduce the probability that portions of the BART System could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the BART System. The District cannot predict the likelihood of a terrorist attack on any portion of the BART System. Components of the

BART System are not insured against terrorist attack. See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – Security Enhancement Program."

Potential Labor Disruptions

BART employees are represented by employee bargaining units that under State law are permitted to strike during negotiations for a contract. During strikes, the District does not operate service, which results in a loss of operating revenues. In 2013, the District suffered strikes during contract negotiations. See Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – DISTRICT FINANCIAL INFORMATION – Labor Relations and Employee Retirement Benefits." The District cannot predict the potential impact of future labor disruptions on the financial condition of the District.

CITIZENS' OVERSIGHT COMMITTEE

Measure RR, approved by voters on November 8, 2016, requires that an independent Citizens' Oversight Committee (the "Measure RR Oversight Committee") be created by the District to review and report to the public expenditures of the bond proceeds. The current members and alternates of the Measure RR Oversight Committee were selected by the Board of Directors of the District on April 11, 2019 and are appointed to serve until June 30, 2021. Measure RR requires that members of the Measure RR Oversight Committee have expertise in certain specific subjects and reside within the District. Since its formation, the Measure RR Oversight Committee has held multiple meetings and the chair of the Measure RR Oversight Committee has presented reports to the District's Board, in which the Measure RR Oversight Committee stated its consensus opinion that bond proceeds are being spent properly and in accordance with Measure RR. On July 23, 2020, the chair of the Measure RR Oversight Committee presented its annual report for Fiscal Year 2019-20 to the Board of Directors, which indicated that the District's Measure RR program is approximately 10% complete, consistent with the goals of Measure RR. The 2020 Bonds will be subject to review by the Measure RR Oversight Committee.

The Measure RR Oversight Committee is responsible for confirming that work is completed and bond funds are expended in accordance with Measure RR.

LEGAL MATTERS

The validity of the 2020 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of the opinion to be delivered by Bond Counsel is attached hereto as Appendix G. Compensation of Bond Counsel and counsel to the Underwriters is contingent upon the issuance of the 2020 Bonds. Approval of certain other legal matters will be passed upon for the District by its General Counsel and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriters by Curls Bartling P.C. Neither Orrick, Herrington & Sutcliffe LLP nor Curls Bartling P.C. take any responsibility for the accuracy, completeness or fairness of this Official Statement.

TAX MATTERS

The 2020C-1 Bonds

U.S. Holders

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2020C-1 Bonds that acquire their 2020C-1 Bonds in the initial offering and that are U.S Holders (as defined in the discussion below relating to the 2020 C-2 Bonds).

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("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 2020C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2020C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix G hereto.

To the extent the issue price of any maturity of the 2020C-1 Bonds is less than the amount to be paid at maturity of such 2020C-1 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2020C-1 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 2020C-1 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2020C-1 Bonds is the first price at which a substantial amount of such maturity of the 2020C-1 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2020C-1 Bonds accrues daily over the term to maturity of such 2020C-1 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2020C-1 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2020C-1 Bonds. Beneficial Owners of the 2020C-1 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020C-1 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2020C-1 Bonds in the original offering to the public at the first price at which a substantial amount of such 2020C-1 Bonds is sold to the public.

The 2020C-1 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a 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 2020C-1 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2020C-1 Bonds will not be included in federal gross income. The inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2020C-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2020C-1 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2020C-1 Bonds may adversely affect the value of, or the tax status of interest on, the 2020C-1 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2020C-1 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2020C-1 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2020C-1 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. 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 2020C-1 Bonds. Prospective purchasers of the 2020C-1 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 2020C-1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2020C-1 Bonds ends with the issuance of the 2020C-1 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the 2020C-1 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District 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 District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2020C-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2020C-1 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Non-U.S. Holders

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding" payments of principal of, and interest on, any 2020C-1 Bond to a Non-U.S. Holder, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the 2020C-1 Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the 2020C-1 Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Issuer) or other disposition of a 2020C-1 Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United

States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Issuer) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Under current U.S. Treasury Regulations, payments of principal and interest on any 2020C-1 Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2020C-1 Bond or a financial institution holding the 2020C-1 Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

The 2020C-2 Bonds

In the opinion of 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 2020C-2 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2020C-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2020C-2 Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix G hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2020C-2 Bonds that acquire their 2020C-2 Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2020C-2 Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2020C-2 Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2020C-2 Bonds pursuant to this offering for the issue price that is applicable to such 2020C-2 Bonds (i.e., the price at which a substantial amount of the 2020C-2 Bonds are sold to the public) and who will hold their 2020C-2 Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a 2020C-2 Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a 2020C-2 Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2020C-2 Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2020C-2 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2020C-2 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the 2020C-2 Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2020C-2 Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the 2020C-2 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2020C-2 Bonds is less than the amount to be paid at maturity of such 2020C-2 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2020C-2 Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of 2020C-2 Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2020C-2 Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2020C-2 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2020C-2 Bond.

Sale or Other Taxable Disposition of the 2020C-2 Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a 2020C-2 Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2020C-2 Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2020C-2 Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2020C-2 Bond (generally, the purchase price paid by the U.S. Holder for the 2020C-2 Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2020C-2 Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2020C-2 Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2020C-2 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the 2020C-2 Bonds. If the District defeases any 2020C-2 Bond, the 2020C-2 Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the 2020C-2 Bond.

Information Reporting and Backup Withholding. Payments on the 2020C-2 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2020C-2 Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2020C-2 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2020C-2 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any 2020C-2 Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such 2020C-2 Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the 2020C-2 Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the 2020C-2 Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the 2020C-2 Bond) or other disposition of a 2020C-2 Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2020C-2 Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such 2020C-2 Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any 2020C-2 Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2020C-2 Bond or a financial institution holding the 2020C-2 Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2020C-2 Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2020C-2 Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the 2020 Bonds, the District will certify that, except as disclosed herein, 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 with respect to which the District has been served with process or, to the knowledge of the District, threatened against the District in any way affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the 2020 Bonds, the application of the proceeds thereof in accordance with the Trust Agreement, or the levy, collection or application of the *ad valorem* taxes, or in any way contesting or affecting the validity or enforceability of the 2020 Bonds or the Trust Agreement or in any way contesting the completeness or accuracy of this Official Statement with respect to the 2020 Bonds.

RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of "Aaa" to the 2020 Bonds. S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned a long-term rating of “AAA” to the 2020C-1 Bonds, and has assigned a short-term rating of “A-1+” to the 2020C-2 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from such rating agencies furnishing the same at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041 and Moody’s Ratings, Moody’s Investors Service, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any credit ratings given to the 2020 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies, if, in their judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2020 Bonds.

MUNICIPAL ADVISOR

Sperry Capital Inc., Sausalito, California, serves as Municipal Advisor to the District with respect to the sale of the 2020 Bonds. The Municipal Advisor has not conducted a detailed investigation of the affairs of the District to determine the completeness or accuracy of this Official Statement, has not independently verified any of the data contained herein and has no responsibility for the accuracy or completeness thereof.

The compensation of the Municipal Advisor is contingent upon the issuance of the 2020 Bonds.

CONTINUING DISCLOSURE

To enable the Underwriters to comply with the requirements of Rule 15c2-12 promulgated by the Securities Exchange Commission (the “Rule”), the District will enter into a Continuing Disclosure Agreement with U.S. Bank National Association, as dissemination agent, for the benefit of the Beneficial Owners (as such term is defined in such Continuing Disclosure Agreement) from time to time of the 2020 Bonds. A copy of the proposed form of Continuing Disclosure Agreement is set forth in Appendix F hereto. The District has engaged BLX Group to assist with its continuing disclosure obligations and U.S. Bank National Association to serve as Dissemination Agent.

UNDERWRITING

The 2020 Bonds are being purchased by J.P. Morgan Securities LLC (“JPMS”), as representative of itself and the Underwriters identified on the cover page of this Official Statement (the “Underwriters”) pursuant to a bond purchase agreement between the District and the Underwriters (the “Bond Purchase Agreement”). The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2020 Bonds, if any are purchased, at a purchase price equal to $775,904,399.62 (representing the principal amount of the 2020 Bonds, plus a net original issue premium of $77,061,285.90 and less an underwriters’ discount of $1,156,886.28).

The Underwriters are initially offering the 2020 Bonds to the public at the public offering yields indicated on the inside cover page hereof but the Underwriters may offer and sell the 2020 Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriters.

JPMS, one of the Underwriters of the 2020 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2020 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2020 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the Underwriters of the 2020 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) ("WFA"), for the distribution of certain municipal securities offerings, including the 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2020 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2020 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL STATEMENTS

The most recent audited financial statements of the District included in Appendix B to this Official Statement have been examined by Macias, Gini & O’Connell LLP (the “Auditor”), whose report thereon appears in such Appendix. The Auditor was not requested to consent to the inclusion of its report in Appendix B, nor has the Auditor undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers, holders or beneficial owners of any of the 2020 Bonds. All of the preceding summaries of the 2020 Bonds, the Trust Agreement, applicable legislation and other agreements and documents are made subject to the provisions of the 2020 Bonds and such documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Controller/Treasurer of the District has been duly authorized by the District. Concurrently with the delivery of the 2020 Bonds, the District will furnish to the Underwriters a certificate of the District to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the 2020 Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

By: /s/ Rosemarie V. Poblete
Controller/Treasurer

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APPENDIX A

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

General Description of the District

The San Francisco Bay Area Rapid Transit District (the "District" or "BART") was created in 1957 by Chapter 1056 of the Statutes of 1957 of the State of California, constituting Sections 28500 to 29757, inclusive, of the California Public Utilities Code, as amended (the "BART Legislation") to provide rapid transit to the San Francisco Bay Area. The District is presently composed of all the area in the Counties of Alameda and Contra Costa and the City and County of San Francisco (the "Three BART Counties"). In addition, the District owns property within the County of San Mateo and has easements to operate within the County of Santa Clara on which BART is operating facilities, and the District acquired the right to use additional right of way and station locations in connection with the extension of its rapid transit system (the "BART System") to the San Francisco International Airport ("SFO") located in the County of San Mateo. The first phase of the extension of the BART System into the County of Santa Clara was completed in Fiscal Year 2019-20, as service to the Milpitas and Berryessa/North San José stations began on June 13, 2020. See "BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program" herein. Under certain conditions, other counties may be annexed to and become a part of the District.

References to "Fiscal Year" or "FY" refer to the fiscal year ending on June 30 of the designated year and beginning on the preceding July 1.

Powers of the District

The BART Legislation grants the District the following powers, among others:

Financing and Taxation. The District may issue general obligation bonds up to the amount authorized by a two-thirds vote of the electorate voting on the ballot measure proposing such general obligation bonds. Upon issuance of general obligation bonds authorized by the electorate, the District is obligated to levy and collect an *ad valorem* tax on property in the Three BART Counties at a rate sufficient to pay the annual debt service on such outstanding general obligation bonds when due and payable. Such tax may be offset to the extent that other moneys are legally made available for such purpose.

In addition to general obligation bonds, the District may issue: (1) sales tax revenue bonds; (2) revenue bonds payable solely from revenues of any facility or enterprise to be acquired or constructed by the District; (3) equipment trust certificates payable from revenues derived from the operation of the BART System; (4) special assessment bonds; (5) grant anticipation notes, bond anticipation notes and tax and revenue anticipation notes; and (6) such other obligations as are authorized by the laws of the State of California (the "State of California" or the "State").

Eminent Domain. The District has the right, with certain limitations, of eminent domain for the condemnation of private property for public use.

Administration

Governance of the District is vested in a Board of Directors (the "Board of Directors" or the "Board") composed of nine members, each representing an election district within the District. The boundaries of the election districts have been set on the basis of, as nearly as practicable, equal population and, among other things, community of interest of the population within the election district. The election districts are adjusted to reflect population changes after every national census. The boundaries of the District's election districts do not conform to the boundaries of the Three BART Counties. The nine electoral districts may include areas from one or more of the Three BART Counties.

Directors are elected to staggered four-year terms every two years, alternating between four and five available positions. Each term commences on the first Friday of December in the year of a November general election and ends on the first Friday of December four years later.

The District Directors are:

Director	District	City of Residence	Term Expiration (December)
Lateefah Simon, President	7	Richmond	2020
Mark Foley, Vice President	2	Antioch	2022
Debora Allen	1	Clayton	2020
Elizabeth Ames	6	Union City	2022
Bevan Dufty	9	San Francisco	2020
Janice Li	8	San Francisco	2022
John McPartland	5	Castro Valley	2020
Robert Raburn	4	Oakland	2022
Rebecca Saltzman	3	El Cerrito	2020

The executive management staff of the District consists of statutory officers appointed by the Board and operating managers appointed by the General Manager.

The statutory officers are:

Robert Powers, General Manager

Robert Powers was appointed General Manager of BART on July 25, 2019. Prior to his appointment, Mr. Powers served as Deputy General Manager of BART starting in January of 2017 and was appointed Interim General Manager effective July 8, 2019. In this role, Mr. Powers provided support to the General Manager in the management of major District departments including Operations; System Safety; Planning, Development and Construction; Administration and Budget; Office of the CIO; Civil Rights; External Affairs and Human Resources. Mr. Powers also provided management support to the Board of Directors, Board-appointed officers and BART's executive staff.

Before his appointment to Deputy General Manager, Mr. Powers served as Assistant General Manager in Planning, Development and Construction at BART and was responsible for the design, construction and management of several major rail transit extension projects along with BART's Real Estate and Property Development; Strategic and Station Planning efforts; BART's Energy and Sustainability Program, and the Office of the District Architect. Prior to joining BART, Mr. Powers served as the Director, Major Projects and Deputy Director at the Seattle Department of Transportation ("SDOT"), where he oversaw SDOT's Major Projects, Traffic Management, Policy and Planning, and Capital Projects and Roadway Structures divisions. He also previously served as the Division Chief of Transportation in the Engineering and Construction Division ("TEC") for the City of Baltimore Department of Transportation.

Mr. Powers is a licensed Professional Engineer. He holds a Bachelor of Science degree in Civil Engineering and Master of Science degree in Structural Engineering, both from the University of Illinois at Urbana-Champaign.

Rosemarie V. Poblete, Controller/Treasurer

Ms. Poblete joined the District in May 1996 as a Treasury Analyst in the Finance Department. She was promoted to the Manager of Debit Credit Fare Programs in February 2008 and in December 2011 to Assistant Treasurer of the District. Effective June 29, 2015, Ms. Poblete was appointed by the Board of Directors to be the Interim Controller/Treasurer and was appointed as Controller/Treasurer in March 2016. Prior to joining the District, Ms. Poblete worked in banking as an operations manager and a private banker. Ms. Poblete holds a Bachelor's degree in Business Administration from the University of the Philippines.

Matthew Burrows, General Counsel

Mr. Burrows joined the District in February 1997 as an attorney in the Office of the General Counsel. In 2007, he was promoted to Associate General Counsel and in January 2008, appointed General Counsel. Mr. Burrows received a Bachelor of Arts degree in Sociology from the University of California at Santa Barbara and his J.D. from the University of California, Hastings College of the Law.

Patricia K. Williams, District Secretary

Ms. Williams joined the District in 1996 as a Clerk III in the District Secretary's Office. She served as the Executive Staff Assistant to the District Secretary from 1998 to 2001, and as Assistant District Secretary from 2001 to September 2018, when she was appointed District Secretary. Prior to joining the District, Ms. Williams worked as a long-distance operator and temporary office manager for AT&T. Ms. Williams holds a Bachelor of Arts degree in Management from St. Mary's College in Moraga, and she is a Certified Shorthand Reporter.

Russell Bloom, Independent Police Auditor

Mr. Bloom is the Independent Police Auditor at the BART Office of the Independent Police Auditor ("OIPA"). Mr. Bloom came to OIPA as an Investigator in 2014 after working as an in-house investigator at an Oakland civil litigation law firm specializing in plaintiff-side asbestos exposure cases. Mr. Bloom has also served on the City of Berkeley California Police Review Commission, including terms as Vice-Chair and Chair. He received an undergraduate degree from the University of California at Berkeley, and a J.D. from the New College of California School of

Law. His law school experience includes a judicial externship with U.S. District Court Judge Thelton Henderson. Mr. Bloom has experience in the areas of civil litigation, criminal law, family law, immigration law, and law enforcement accountability.

Harriet Richardson, Inspector General

Ms. Richardson joined the District in August 2019 as the first Inspector General for the District. She has 29 years of experience as a performance auditor at the federal, state, and local levels of government, including serving as City Auditor for the City of Palo Alto, Audit Manager for the City of Berkeley, Deputy State Auditor for the Washington State Auditor's Office, and Audit Director for the City and County of San Francisco. Ms. Richardson is a Certified Public Accountant, Certified Internal Auditor, Certified Government Audit Professional, and Certified in Risk Management Assurance. She graduated with presidential honors from City University in Seattle with a bachelor's degree in accounting and a master's degree in business administration with an emphasis in financial management. Ms. Richardson served for five years on the board of the Association of Local Government Auditors ("ALGA"), including a term as president, is past chair of ALGA's Professional Issues Committee, and served seven years on the Association of Government Accountants' ("AGA") Financial Management Standards Board. She has served on several ALGA peer review teams, written articles for ALGA's *Local Government Auditing Quarterly*, and provided presentations at many conferences for organizations such as ALGA, AGA, The Institute of Internal Auditors, the International Law Enforcement Auditors' Association, the Intergovernmental Audit Forums, and the League of California Cities. Ms. Richardson has received several of ALGA's Knighton Awards, which recognize the best local government audits during the award years, ALGA's lifetime membership award, the AGA's Excellence in Government Leadership Award in 2017, and the David M. Walker Excellence in Government Performance and Accountability Award in 2018. She is currently a local government representative on the United States Government Accountability Office's Government Auditing Standards Advisory Council.

Principal executive management staff appointed by the General Manager include:

Tamar Allen, Assistant General Manager, Operations

Ms. Allen joined the District in 1982. Ms. Allen served as Chief Mechanical Officer responsible for the rolling stock fleet from August 2005 to December 2015. In December 2015, Ms. Allen assumed responsibility for the BART infrastructure and operating systems as Chief Maintenance & Engineering Officer. In August 2018, Ms. Allen was appointed as the Assistant General Manager, Operations. Ms. Allen holds a Master of Public Administration degree from California State University, East Bay and a bachelor's degree from the University of California, Berkeley.

Pamela Herhold, Assistant General Manager, Performance and Budget

Ms. Herhold joined the District in 1996. In September 2018, Ms. Herhold assumed responsibility for the District's Performance and Budget Executive Office, leading areas including Budgets, fare policy, long-term financial planning, Grants and Internal Audit. Previously, Ms. Herhold led the District's Financial Planning function and was a leader in institutionalizing the

District's inflation-based fare increase program, now in place since 2006. Ms. Herhold holds a Master of Urban and Regional Planning from the University of Florida, is an alumna of the American Public Transit Association's Leadership APTA program and is a member of the Government Finance Officers Association and Women's Transportation Seminar.

Litigation

The District is involved in various lawsuits, claims and disputes. Many of those lawsuits arise as a result of personal injuries and property damage which are anticipated in connection with operations such as the District's. The District is currently named in seven active lawsuits filed by current and former employees alleging employment related claims including claims of racial and disability discrimination, a number of civil rights lawsuits arising from its ongoing police activities, litigation arising from license agreements and permits, litigation related to access, and construction-related claims.

The District recently received a defense verdict in litigation brought by a company retained to act as a master station retail vendor which the District had terminated. The company sought $30 million in damages, and has filed an appeal seeking to reverse the verdict.

THE BART SYSTEM

General Description

The BART System is an electrically-powered rail rapid transit system serving the residents of the San Francisco Bay Area. The BART System is currently comprised of approximately 131 miles of dual mainline track (including some areas of more than two tracks) and 50 stations, 42 of which are located in the Three BART Counties, six of which are located in San Mateo County on the San Francisco Peninsula, and two of which are located in Santa Clara County. In addition, the BART System includes the diesel-powered Antioch Extension (as defined herein) and the Oakland Airport Connector (the "OAC"). Automatic fare collection equipment is located in each station to vend and process passenger tickets and Clipper Cards (as defined herein). BART System vehicles are electric multiple unit cars, with an electric motor powering each axle of every car. BART's legacy fleet includes "A," "B" and "C" cars (the "Current Cars"), which are being supplemented and will eventually be replaced by "D" and "E" cars (the "Fleet of the Future"). Cars of BART's Fleet of the Future are designated "D" (cab-equipped) and "E" (mid-train) cars. Trains vary from four to ten cars in length and contain one control cab-equipped vehicle at each end, with mid-train vehicles making up the remainder of each train. As of August 3, 2020, the District's revenue fleet consisted of 858 rail cars, comprised of 58 "A" cars, 376 "B" cars, 221 "C" cars, 80 "D" cars and 123 "E" cars. BART is powered by an electric third rail at 1,000 volts DC. The rail right-of-way is fully protected and has no grade crossings. Computers located along the right-of-way automatically control train movements. BART train supervision is provided by the BART train control computer located at the BART Operations Control Center (the "Control Center"). Should the need arise, train operators aboard each train may override the automatic system.

BART service lines run through the urban and suburban areas of the Three BART Counties, San Mateo County and Santa Clara County. Lines run along the west side of the San Francisco Bay on the San Francisco Peninsula from the Millbrae station and the SFO station, under the San

Francisco Bay in the San Francisco-Oakland rapid transit tube (via the "Transbay Tube") and traverse the hills and valleys of the east side of the San Francisco Bay. For more detailed information regarding BART System routes, see the BART System map in the inside back cover of this Official Statement. Approximately one-third of the BART System is underground or underwater, one-third is aerial, and one-third is at grade.

BART stations are spaced approximately one-half mile apart in downtown San Francisco and Oakland, and approximately two to four miles apart in suburban areas. A number of BART stations located in downtown San Francisco enable intermodal transfers to the San Francisco Metropolitan Transportation Authority light rail, cable cars and buses. The Millbrae station provides convenient transfers to the Caltrain commuter rail service, which provides commuter service along the San Francisco Peninsula and south to Gilroy in Santa Clara County. The Richmond and Coliseum stations in the East Bay provide intermodal transfers to the Capitol Corridor intercity rail service between Sacramento and San Jose. The Milpitas station in Santa Clara County provides convenient transfers to the Santa Clara Valley Transportation Authority ("VTA") light rail and bus systems, which provide commuter service throughout the greater San Jose area. The SFO station is located within SFO. The Coliseum station in Oakland provides access via the OAC to Oakland International Airport ("OAK").

BART began operations in the early 1970s with Transbay service beginning in 1974. A number of East Bay extensions to North Concord/Martinez and Pittsburg/Bay Point to the northeast and Castro Valley and Dublin/Pleasanton to the southeast were added in the mid-1990s. The SFO Extension (as defined herein), consisting of service to five stations in San Mateo County, opened in 2003 with BART assuming operational control of the SFO Extension from the San Mateo County Transit District ("SamTrans") in 2007.

BART commenced service of the OAC in November 2014. The OAC is an automated driverless, cable-propelled people mover manufactured by Doppelmayr Cable Car, Inc. ("DCC") that travels between the Coliseum BART station and OAK in about eight minutes on a primarily elevated guideway structure along the median of Hegenberger Road. Flatiron/Parsons JV constructed the approximately $485 million project. In Fiscal Year 2020, approximately 1,761 passengers per weekday used this service. The OAC project is operated pursuant to a 20-year operations and maintenance contract with DCC. Pursuant to the contract, the District pays DCC a monthly fee, which is calculated pursuant to a formula that includes a base fee, plus additional fixed fees for service adjustments, deductions for excessive downtime, incentives for increased service availability, and an adjustment for inflation. In Fiscal Year 2019, the District paid DCC approximately $6.4 million.

On March 25, 2017, BART service was extended south 5.4 miles from the Fremont station to a new station in the Warm Springs district of Fremont in southern Alameda County (the "Warm Springs Extension"). The Warm Springs Extension alignment is mostly at-grade; however, it runs beneath Fremont Central Park in one-mile-long cut and cover subway. The funding plan for the $890 million extension included substantial contributions from a variety of local and State sources and surplus revenues from the SFO Extension but had no federal funding.

On May 26, 2018, BART service was extended to Antioch in east Contra Costa County (the "Antioch Extension"). The Antioch Extension, designed to improve transit service in the congested California State Highway Route 4 ("State Route 4") corridor, consists of a 10-mile rail extension located in the median of State Route 4 eastward from the Pittsburg/Bay Point BART station to the City of Antioch utilizing Diesel Multiple Unit ("DMU") technology (the "eBART Project"). The eBART Project cost approximately $510.7 million and operates eight DMUs out of the eBART Maintenance Facility ("EMF") in Antioch. The EMF consists of a maintenance shop, fueling station, train washing facility, warehouse, control center, and administrative offices. To address concerns regarding the availability of parking, in December 2018, the Board of Directors authorized expenditures of $16 million to construct an 850-space parking lot east of the existing eBART parking lots and to enhance bike, bus, and passenger access to Antioch station.

On June 13, 2020, BART service was extended to Milpitas and San Jose in north Santa Clara County (the "Silicon Valley Berryessa Extension Project" or the "SVBX"). The SVBX is a ten-mile extension south from the Warm Springs/South Fremont station and includes the Milpitas and Berryessa/North San José stations. The SVBX was constructed at a cost of $2.42 billion dollars, and was granted an FTA Full Funding Grant Agreement in March 2012. The SVBX is the first phase of the Silicon Valley Extension (defined herein). See "BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program – *Silicon Valley Extension*" herein.

BART repairs and maintains its revenue rolling stock at four primary shop facilities in Concord, Daly City, Hayward and Richmond, as well as at a secondary facility in Hayward. The primary shop facilities in Concord, Daly City, Hayward and Richmond perform preventive and regular train maintenance based on operating hours, as well as unscheduled failure repairs. Responsibility for maintaining the District's revenue vehicle fleet is distributed among the primary maintenance facilities, with each location generally responsible for supporting designated service routes. The Hayward Maintenance Complex ("HMC") also houses shops for secondary and component repairs, including electrical, pneumatic, HVAC, and hydraulic repairs, as well as brake system components, door operators, couplers, power supply and vehicle subsystem solid state electronic logics. The HMC is being expanded to accommodate additional demand caused by the extension of the BART System into Santa Clara County. See "BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program – *Silicon Valley Extension*" herein.

BART contracts with the San Francisco Municipal Transportation Agency ("SFMTA") and the Alameda-Contra Costa Transit District ("AC Transit") to provide feeder bus service that connects the San Francisco Municipal Railway ("Muni") and AC Transit bus lines to BART stations. The District's most recent contract with SFMTA, which expired on June 30, 2020 (the "SFMTA Contract"), required BART to pay SFMTA a fee calculated based on the year-to-year percentage change in actual individual trips transferring from Muni to BART based on Clipper Card (as defined herein) data, and the year-to-year percentage change in inflation based on the San Francisco Bay Area Consumer Price Index. The SFMTA Contract also provided that BART's payment could not increase or decrease by more than five percent annually. The District's most recent contract with AC Transit, which also expired on June 30, 2020 (the "AC Transit Contract"), contained terms intentionally similar to those in the SFMTA Contract. Unlike the SFMTA Contract, however, the AC Transit Contract provided that the Metropolitan Transit Commission ("MTC") would draw amounts owed to AC Transit from BART's share of State Transit Assistance ("STA") funds. BART expects to negotiate new agreements with SFMTA and AC Transit during Fiscal Year 2021.

Revenue Hours

BART operates revenue train service from 5:00 a.m. to midnight Monday through Friday, from 6:00 a.m. to midnight on Saturdays, and from 8:00 a.m. to midnight on Sundays. The last trains depart each end of the line around midnight, so passengers can get anywhere in the BART System if they arrive at any station by midnight. Depending upon demand, holiday rail service is provided on a full or modified weekday schedule, a Saturday schedule or a Sunday schedule. Beginning on April 8, 2020, BART temporarily reduced its revenue service due to reduced ridership resulting from the COVID-19 pandemic. BART trains are currently running every thirty minutes on Monday through Friday from 5:00 a.m. to 9:00 p.m., and every twenty to twenty-four minutes on Saturdays and Sundays from 8:00 a.m. to 9:00 p.m.

Ridership

Average weekday passenger trips for the Fiscal Years 2014-15 to 2019-20 are set forth below.

Trip Locations:	2015	2016	2017	2018	2019	2020
East Bay	89,108	87,892	84,946	82,251	79,751	57,420
West Bay	112,492	112,889	106,814	102,844	103,210	72,039
Transbay	221,519	232,613	231,636	229,071	227,816	158,812
Average Total Weekday Trips	423,119	433,394	423,396	414,166	410,777	288,271
Percentage Annual Change	6.0%	2.4%	(2.3)%	(2.2)%	(0.8)%	(29.8%)

Following extraordinary ridership growth after the 2008-2011 recession, ridership growth began to stabilize to a more sustainable level, averaging over 423,000 weekday trips in Fiscal Year 2014-15 and growing 2.4% to just over 433,000 weekday trips in Fiscal Year 2015-16. In Fiscal Year 2016-17, ridership trended down, averaging 423,395 weekday trips for the year. That trend continued through Fiscal Year 2017-18 and Fiscal Year 2018-19 as ridership declined to just over 414,000 and just over 410,000 average weekday trips, respectively. From July 2019 through February 2020, average weekday trips were just over 405,000, but ridership fell drastically to just over 66,000 average weekday trips from March 2020 through June 2020 due to decreased demand due to the COVID-19 pandemic. Historically, factors such as changes in employment, traffic congestion and the price of gas have impacted BART ridership, and in recent years Uber, Lyft, and other app-based services (also known as Transportation Network Companies ("TNCs")) appear to have contributed to the decline in ridership, though exactly to what extent is currently unknown.

The ongoing outbreak of COVID-19, which began in Fiscal Year 2019-20, contributed to a sharp decline in ridership. On March 2, 2020, daily ridership was 5% below the expected baseline, and fell drastically after each of the Three BART Counties instituted shelter-in-place orders in response to the outbreak (collectively, the "Shelter-In-Place Orders"). On March 17, 2020, the day that each of the Shelter-In-Place Orders became effective, daily ridership was 87% below the expected baseline, and fell further to 94% below the expected baseline by the end of April 2020. As of July 30, 2020, daily ridership remains 89% below the expected baseline. Among those riders who have stopped riding BART during the COVID-19 outbreak, 34% indicated that they would ride BART again once their employer allows them to return to the workplace, 19% indicated that they would ride BART again once the Shelter-In-Place Orders have been loosened, and 15% indicated that they would ride BART again about a month after the Shelter-In-Place Orders have been loosened. In total, about 70% of riders who have stopped riding BART during the COVID-19 outbreak indicated that they are very or somewhat likely to ride BART again in the next 12 months. In response to the reduced ridership on the BART System during the COVID-19 pandemic, BART is accelerating its capital program, and is issuing the 2020 Bonds for the purpose of financing the costs of accelerating such projects.

The Coliseum station in Oakland provides access to the Oakland-Alameda County Coliseum, currently home field to the Oakland Athletics, a professional baseball team. The Golden State Warriors, a professional basketball team, relocated to a new venue in San Francisco beginning with the 2019-20 basketball season, the Oakland Raiders, a professional football team, relocated to a new venue in Las Vegas beginning with the 2020-21 football season, and the Oakland Athletics are considering relocating to a different site in Oakland. Although the Oakland-Alameda County Coliseum will continue to serve as a concert venue, the relocation of the Golden State Warriors and Oakland Raiders, and the proposed relocation of the Oakland Athletics are all expected to contribute to reduced ridership at the Coliseum station and throughout the BART System.

Passenger Fares

In Fiscal Year 2018-19, BART collected $482.6 million in passenger fare revenues, accounting for 47.7% of its total operating and non-operating revenues. BART fares are calculated based on distances between the departure and arrival stations, with surcharges applied to certain trips adjusted for a speed differential. Surcharges apply to transbay trips; trips originating from or destined to stations located in San Mateo County; a capital surcharge applies to BART trips within the Three BART Counties; and a premium applies to trips to and from the SFO station and the OAK station via the OAC. Since January 1, 2020, the minimum one-way fare is $2.10 for riders using the regional Clipper Card and $2.60 for riders using the magnetic stripe paper tickets. The current maximum one-way fare for Clipper Card users is $17.00, charged for the trip between the SFO and OAK stations, and $17.50 for paper ticket users. To eliminate the sale of paper tickets, BART engaged in a pilot program beginning in the Summer of 2019 in which the only fare product available for purchase at certain stations is the Clipper Card. Beginning June 8, 2020, BART began accelerating its efforts for system-wide implementation of Clipper Card-only sales.

Fare increases during the District's history are summarized below:

Average District Fare Increases

Date	Average Increase
November 1975	21.0%
July 1980	34.9
September 1982	18.4
January 1986	30.0
April 1995	15.0
April 1996	13.0
April 1997	11.4
January 2003	5.0
January 2004	10.0
January 2006	3.7
January 2008	5.4
July 2009	6.1*
July 2012	1.4
January 2014	5.2
January 2016	3.4
January 2018	2.7
January 2020	5.4

* All fares increased by an average 6.1% with the exception of the 16.7% increase to the minimum fare and the 167% increase to the premium fare charged for trips to or from SFO station.

The District currently offers a variety of fare discount programs ranging in value from 6.25% to 62.5% of the regularly-applicable fare. Persons eligible for such discount programs include youth between the ages of 5 and 18 (children under the age of 5 ride free), undergraduate and graduate students attending San Francisco State University, and seniors or persons with disabilities. BART is also currently testing a discount of up to 25% for groups traveling to and from airports that purchase tickets through its BART to Airport mobile application. Specific terms and eligibility requirements apply to each discount program.

BART will be participating in a pilot 12-18-month fare discount program sponsored by MTC that will provide a 20% discount to low-income people at or below 200% of the federal poverty level. MTC is expected to pay for up to 50% of BART's annual revenue loss from the program.

The rates and charges of BART are by law free from the jurisdiction and control of any regulatory agency, including the California Public Utilities Commission. Passenger fares are established by a two-thirds vote of the Board of Directors and are required to be reasonable. Any Board of Supervisors of a county or city and county, or the city council of a municipality having territory located within the District, may file a request for a hearing before the Board of Directors regarding the reasonableness of any fares. The hearing must be held between 15 and 60 days from the date of the request and a decision by the Board of Directors must be rendered in writing within 30 days after the hearing. Thereafter, the decision may be reviewed by the courts through a writ of mandate. In compliance with Title VI of the Civil Rights Act of 1964, public meetings and public hearings are held before any change in fares or any substantial reduction in service is made.

Such change can only be made after proper consideration has been given to the views and comments expressed by the public, including those who are minority, low-income, or have limited English proficiency, in public meetings and at public hearings and after consideration has been given to the effects on energy conservation and the economic, environmental and social impact of such change.

Parking Programs

The District provides a variety of options for passengers who drive to BART stations. As of July 2020, parking is provided at 38 of the District's 50 stations and the total number of parking spaces provided system-wide is approximately 47,200. Parking revenue for Fiscal Year 2018-19 was $37.6 million, or approximately 6.7% of the District's operating revenues for Fiscal Year 2018-19. The adopted budget for Fiscal Year 2019-20 includes parking revenues of $36.5 million, representing 6.7% of the District's budgeted operating revenues for Fiscal Year 2019-20, and the adopted budget for Fiscal Year 2020-21 includes parking revenues of $10.5 million, representing 5.8% of the District's budgeted operating revenues for Fiscal Year 2020-21.

Parking is provided in surface lots and in parking garages. The District commenced charging for parking to enhance revenues in 2002 and now charges for parking at all stations that have parking facilities. The District offers a paid monthly and single day reserved parking program system-wide and a paid airport/long term parking program at most of its stations. The monthly reserved parking program allows passengers to purchase guaranteed parking near the entrance to a station. Monthly parking fees vary from station to station within a range of $84 to $105 at most stations, based upon the daily fee for each station. The number of spaces set aside for monthly reserved parking under current authorization cannot exceed 25% of the total spaces in a lot. All total reserved spaces may not exceed 40% of the station's total spaces. The airport/long term parking program allows passengers traveling to either SFO or OAK to purchase permits to park their vehicles at some BART stations for periods of time greater than 24 hours. Single-day and long-term permits can be purchased via the BART website for $6-7/day at most stations.

The amount for the daily parking fee is demand-based, up to a $3 daily fee limit, except at the West Oakland BART station, which does not have a limit. Every 6 months, the utilization of the parking facility is evaluated. If the facility exceeds 95% capacity, then the daily fee may increase by $0.50 per weekday. Parking fees have reached the $3 daily fee limit at 36 of the 38 stations with parking.

Power Supply

The operation of the BART System requires a substantial amount of electricity to serve its traction power system as well as the operation of its stations, shops, yards and other facilities. The District's current annual electric load is approximately 410,000 megawatt-hours, with peak electric demand of approximately 85 megawatts ("MW"). In Fiscal Year 2018-19, the District spent $39.2 million to purchase power, or approximately 5.0% of the District's operating expenses for Fiscal Year 2018-19. The adopted budget for Fiscal Year 2019-20 includes $45.6 million to purchase power, representing 5.7% of the District's budgeted operating expenses for Fiscal Year 2019-20, and the adopted budget for Fiscal Year 2020-21 includes $48.1 million to purchase power, representing 5.7% of the District's budgeted operating expenses for Fiscal Year 2020-21.

The District historically purchased all of its electricity services, including both supply and delivery, from Pacific Gas & Electric Company ("PG&E"). In 1995, the California Legislature enacted statutory provisions authorizing the District to purchase wholesale electrical power supply from federal power marketing agencies, while continuing to take delivery services from PG&E under dedicated service agreements. The District's authority to purchase electricity from other suppliers was expanded in 2004 to permit the District to obtain electrical power supply from local publicly owned electric utilities and again in 2015 to allow purchase from developers of renewable energy projects. Pursuant to this legislative authorization, the District's energy supply needs are currently met through a portfolio of medium-term and long-term supply contracts, including contracts with hydroelectric and solar facilities. In 2019, over 90% of the District's energy supply needs were met from greenhouse gas-free sources, comprised of approximately 80% hydroelectric and other greenhouse gas-free imports from the Pacific Northwest, approximately 7% from the Western Area Power Administration's federal preference hydroelectric power, and approximately 5% from registered renewable resources including the Lake Nacimiento hydroelectric project, the Gridley solar project, and five on-site solar installations at BART facilities. The balance of the District's electric supply is sourced from California's wholesale electric market and other short-term suppliers.

In April 2017, the Board of Directors adopted the District's first Wholesale Electricity Portfolio Policy, mandating that procurement activities: (1) "Support low and stable BART operating costs" and (2) "Maximize the use of low-carbon, zero-carbon and renewable electricity supply." Specifically, this policy implemented performance measures for the energy portfolio's carbon and renewables content and for cost stability, including a 100% renewable mandate by 2045 and long-term cost advantages over equivalent bundled electric service available through PG&E. In line with this policy, in 2017 the District executed two long-term renewable power purchase agreements ("PPAs") – a wholesale solar PPA and a wholesale wind PPA – to secure the majority of its electricity supply needs in 2021 and beyond at cost-effective, fixed prices. Both projects are currently expected to be online in 2021 and will meet approximately 75% of BART's needs over the subsequent 20-year period.

For energy delivery services, the District continues to utilize PG&E transmission and distribution facilities to deliver energy purchased by the District from its various suppliers. These current arrangements for energy supply and delivery are in effect through 2026. They provide significant savings to the District relative to the cost of standard bundled retail electric service from PG&E but distribution costs are expected to increase due to higher rates and higher total energy use by the District due to system extensions and increased service frequency. During wildfire season, PG&E may turn off electricity service in designated areas to lessen the threat of fires started by power lines. Notably, the District's existing delivery agreements do not currently offer any special protections to avoid the possibility of proactive de-energization by PG&E in the interest of public safety; however, the District has identified risk mitigations and established an operational response plan to respond to such power service disruptions without material impact to transit service, including by pulling power from other power sources such as its portable generators.

The District is also a 6.6% participant/owner in the Northern California Power Agency's Lodi Energy Center, which began commercial operation in 2012, and is an obligor of a portion of the bonds issued for construction of the facility. The Lodi facility operates according to the needs of the California Independent System Operator ("CAISO"), the entity responsible for grid operations and facilitation of wholesale electric markets in California. While the District does not typically rely on physical deliveries from the Lodi facility to directly serve its energy needs, the District pays operations, maintenance, and fuel costs for its share of the facility, and receives a proportionate share of the revenues from the energy and ancillary services sales into the CAISO power market.

BART FINANCINGS AND CAPITAL PROGRAMS

Sources of Funds

The District has received and expects to continue to receive grants from the federal government, from the State, from regional bridge tolls and from local governments for capital renovation and expansion of the BART System. In addition to grants and bridge toll revenues, capital renovation and expansion of the BART System is funded with BART revenues, including allocations from the operating budget and the proceeds of BART financings, as further described below.

General Obligation Bonds

Pursuant to voter approval in the Three BART Counties in 1962, the District issued a total of $792 million aggregate principal amount of general obligation bonds in twelve series during the years 1963 through 1969. General obligation bonds are payable from *ad valorem* taxes required to be levied on all properties subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco, and are used to finance the acquisition and improvement of real property. General obligation bond proceeds were used to pay a portion of the cost of planning, acquisition and construction of the original 71-mile BART System, excluding the Transbay Tube and its approaches. All such original general obligation bonds have been paid.

Pursuant to voter approval in the Three BART Counties of Measure AA ("Measure AA") at the November 2, 2004 election, the District was authorized to issue general obligation bonds, in one or more series, in an amount not to exceed $980 million, in order to make earthquake safety improvements to the BART System. The District issued its first general obligation bonds under Measure AA in May 2005, and issued its last general obligation bonds under Measure AA in August 2019 (the "2019 Bonds"). After the issuance of the 2019 Bonds, there is no remaining bond authorization under Measure AA.

At the November 8, 2016 election, voters in the Counties of Alameda and Contra Costa and the City and County of San Francisco approved a new general obligation bond measure ("Measure RR"), titled "BART Safety, Reliability and Traffic Relief" in the amount of $3.5 billion. See "—System Renewal Program and System Reinvestment Program" below. In June 2017, the District issued the General Obligation Bonds (Election of 2016), 2017 Series A-1 (Green Bonds) (the "2017 A-1 Bonds") in an aggregate principal amount of $271,600,000 and 2017 Series A-2 (Federally Taxable) (Green Bonds) in an aggregate principal amount of $28,400,000 (the "2017 A-2 Bonds" and, together with the 2017 A-1 Bonds, the "2017 A Bonds"). The 2017 A Bonds were issued to finance critical infrastructure needs identified in the System Renewal Program. In August 2019, the District issued its General Obligation Bonds (Election of 2016), 2019 Series B-1 (Green Bonds) (the "2019 B-1 Bonds") in an aggregate principal amount of $313,205,000, and its General Obligation Bonds (Election of 2016), 2019 Series B-2 (Federally Taxable) (Green Bonds) (the "2019 B-2 Bonds") in an aggregate principal amount of $46,795,000. The 2019 B-1 Bonds and 2019 B-2 Bonds were also issued to finance critical infrastructure needs identified in the System Renewal Program. After the issuance of the 2020 Bonds, the remaining principal amount of general obligation bonds that the District is authorized to issue under Measure RR will be $2,140,000,000.

As of August 2, 2020, the following issues of the general obligation bonds issued under Measure AA, including refunding bonds, and Measure RR, will be outstanding:

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
2013 C Bonds (Measure AA)	$240,000,000	$91,855,000	2033
2015 D Bonds (Measure AA)	276,805,000	272,390,000	2035
2017 E Bonds (Measure AA)	84,735,000	68,935,000	2037
2017 A-1 Bonds (Measure RR)	271,600,000	257,340,000	2047
2019 B-1 Bonds (Measure RR)	313,205,000	307,765,000	2049
2019 F-1 Bonds (Measure AA)	205,100,000	205,100,000	2038
2019 G Bonds (Measure AA)	43,500,000	43,500,000	2037
Total		$1,246,885,000	

Pursuant to Section 29150 of the California Public Utilities Code, the District may borrow money, incur a bonded indebtedness in respect thereto, and levy taxes for the payment of principal and interest thereon, in an amount up to 3.75% of the assessed valuation of taxable property within the District. In Fiscal Year 2019-20, the assessed value of taxable property within the District was approximately $804.7 billion, creating a limit on bonded indebtedness of approximately $30.2 billion. As of the end of Fiscal Year 2019-20, the District had $1,282,740,000 of outstanding bonded indebtedness, which is $28.9 billion below the statutory limit.

Sales Tax Revenue Bonds

Commencing in 1970, the District has issued from time to time bonds payable from and collateralized by a pledge of sales tax revenues (the "Sales Tax Revenue Bonds"), comprised of seventy-five percent (75%) of the amounts derived from a one-half of one percent (0.5%) transactions and use tax imposed by the District within the Three BART Counties pursuant to Section 29140 of the California Public Utilities Code. The Sales Tax Revenue Bonds are special obligations of the District issued in order to finance or refinance the costs of constructing, improving and equipping the BART System. The following issues of Sales Tax Revenue Bonds will be outstanding in the amounts indicated in the table below as of August 2, 2020:

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
Series 2012A Bonds	$130,475,000	$8,040,000	2036
Series 2012B Bonds (Taxable)	111,085,000	5,620,000	2022
Series 2015A Refunding Bonds	186,640,000	124,650,000	2034
Series 2016A Refunding Bonds	83,800,000	77,365,000	2036
Series 2017A Refunding Bonds	118,260,000	118,260,000	2034
Series 2017B Refunding Bonds (Taxable)	67,245,000	49,050,000	2023
Series 2019A Bonds	223,020,000	223,020,000	2044
Series 2019B Refunding Bonds (Taxable)	80,290,000	80,290,000	2036
Total		$686,295,000	

Rail Vehicle Replacement Program

On May 10, 2012, the Board of Directors authorized the award of a contract to Bombardier Transit Corporation ("Bombardier") for the procurement of cars to replace and expand BART's revenue fleet. The base contract provides for the design, engineering, manufacturing, testing, management and support of 260 heavy rail transit vehicles, with several options to procure additional vehicles thereafter, including two options for 150 vehicles, one option for 115 vehicles, and one option for 100 vehicles. On May 30, 2012, the District awarded the base contract for 260 vehicles, and on June 25, 2012 the District exercised Option 1 to procure an additional 150 vehicles. The District exercised options for an additional 365 vehicles on December 27, 2013 for a total purchase of 775 vehicles, comprised of 310 "D" (control cab-equipped) and 465 "E" (non-control) cars.

Bombardier delivered 10 pilot vehicles in 2016, which were subjected to testing, qualification, simulated revenue service and pre-production design review. Bombardier began delivery of production vehicles in early 2018 and as of July 10, 2020 has delivered 225 cars. To maintain compliance with the contractual delivery schedule, Bombardier is increasing their production and supply chain capacities to enable their delivery at a rate as high as 16 cars per month. On June 2019, Bombardier opened a rail car assembly facility in Pittsburg, California, which is currently being used to perform upgrades to the District's new rail cars and will enable accelerated delivery of the new cars.

The total project cost for the 775 vehicles will be approximately $2.584 billion and will be paid from funding sources including funds from MTC, the VTA, and from BART itself.

MTC and the District have agreed in principle that MTC by allocation of federal and State funds will fund 75%, and BART will fund the remaining 25% of the purchases under the replacement vehicle contract. Sixty vehicles are attributed to service requirements for the expansion into Santa Clara County and are funded per the terms of a cost sharing agreement entered into by VTA and BART.

BART anticipates funding its portion of the contract from the accumulated funds in the Rail Car Sinking Fund and from operating funds. For Fiscal Years 2019-20 and 2020-21, BART had planned allocating $41.8 million for this project, but due to COVID-19 reductions in operating funds reprogrammed $40 million of that allocation to cover operating expenses in Fiscal Year 2020-21 and released funds from the BART Car Exchange Fund described below for the project. Future operating expenses will be budgeted for the project but not in the Fiscal Year 2020-21.

A portion of the funds MTC expects to use to fund its share of the cars depends on FTA and Federal Highway Administration ("FHWA") funds that are subject to authorization and appropriation by Congress, and on other critical regional transit capital needs. Should the FTA and FHWA funds become unavailable, the District cannot predict what funds, if any, MTC will provide in their place. BART and MTC anticipate executing a cash flow borrowing agreement during the term of the vehicle delivery contract in order to meet payment obligations prior to the anticipated receipt of grants and other funding. MTC has received a Letter of No Prejudice from FTA with respect to such financing which is expected to be executed by the Spring of 2021.

To set aside funding for vehicle replacement, the District and MTC entered into the BART Car Replacement Funding Exchange Agreement in 2006 (the "Exchange Agreement"). Under the Exchange Agreement, MTC agrees to program federal funds to eligible BART projects that are ready to be delivered within the year of MTC's programming action. In exchange for MTC programming funds for such BART projects, the District deposits an equal amount of local unrestricted funds into the "BART Car Exchange Fund", a restricted account established to fund the Rail Vehicle Replacement Program (as defined herein). MTC is the exclusive administrator of this restricted account and any withdrawal of funds from the account requires prior approval from the MTC Commission and the BART Board. In accordance with the Exchange Agreement, MTC allocated FTA Section 5307 and 5337 grants of $74,168,150 in Fiscal Year 2014-15, $50,176,122 in Fiscal Year 2015-16, and $52,547,712 in Fiscal Year 2016-17. Accordingly, the District remitted to MTC the equivalent amount of its own funds, which were deposited by MTC to the BART Car Exchange Fund. The federal grant is shown as nonoperating revenue—operating financial assistance and the District's remittance to MTC is shown as nonoperating expense in the District's financial statements. The BART Car Exchange Fund for the Rail Vehicle Replacement Program, which is held by MTC and is excluded from the District's financial statements, showed a total cash and investment balance, at market value unaudited, of $401.5 million as of June 30, 2020. In order to meet Fiscal Year 2019-20 and Fiscal Year 2020-21 cash flows for the Rail Vehicle Replacement Program, BART and MTC authorized the withdrawal of $220.1 million from the BART Car Exchange Fund. There were no withdrawals during Fiscal Year 2019-20 from the BART Car Exchange Fund.

In addition to the 775 new vehicles on order, the District plans to acquire an additional 425 new cars to enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube, for the network as expanded to Santa Clara by the second phase of the Silicon Valley Extension (defined herein). These additional cars will be all "E" (non-cab) cars, which will bring the revenue fleet to 310 "D" and 890 "E" cars, a total of 1,200 cars. The District has identified more than $815 million, including $500 million of Regional Measure 3 bridge toll funds, $107.1 million of State Transit and Intercity Rail Capital Program ("TIRCP") funds, $179 million from the BART Car Exchange Fund, and $31.8 million of BART operating allocations to capital to fund the procurement of these additional vehicles. BART is exploring funding options, including FTA grants, State grants and local funding to fully fund the additional cars. These additional cars are included in MTC's updated Regional Transportation Plan and the Bay Area Plan (defined herein), Core Capacity Program, and Regional Measure 3 projects. BART plans to phase in the first 775 new cars and phase out the existing cars, which are operationally incompatible with the new cars.

Earthquake Safety Program

The original components of the BART System, constructed in the 1960s, were designed to withstand much greater seismic stress than required by construction standards of the time. The 1989 Loma Prieta Earthquake provided a significant test of that design. Within hours after the earthquake, BART was back in service while many roads, bridges, freeways, and other structures in the San Francisco Bay Area suffered major damage. With the San Francisco-Oakland Bay Bridge out of service, BART served as a vital link between San Francisco and the East Bay following the Loma Prieta Earthquake. However, the epicenter of the Loma Prieta Earthquake was located approximately 60 miles from most of the BART System. BART faces potential earthquake risk from several major fault lines in the immediate vicinity of BART rail lines.

In Fiscal Year 2000-01, BART embarked on a comprehensive study (the "Seismic Vulnerability Study") to assess the vulnerability of, and evaluate the risk to, the District's physical plant and systems from a major earthquake in the San Francisco Bay Area. The Seismic Vulnerability Study, developed by BART after more than a year of engineering analysis and presented to the Board of Directors on June 6, 2002, identified retrofit strategies to strengthen the BART System.

Subsequently, on June 10, 2004, the Board of Directors adopted a General Obligation Bond Program Report, which defined a $1.307 billion earthquake safety program (which includes projected construction inflation costs through estimated completion) (the "Earthquake Safety Program"), based on the Seismic Vulnerability Study. The Earthquake Safety Program is based on maintaining operability of the core components of the BART System and retrofitting the rest of the BART System to a life safety level. The goals of the Earthquake Safety Program are (i) to protect aerial trackway structures, underground trackway structures, including the Transbay Tube, at-grade trackway structures, stations, and administrative, maintenance, and operations facilities and (ii) to provide additional retrofits to facilitate a rapid return to service in the core of the BART System, spanning from the west portal of the Berkeley Hills Tunnel to the Daly City Yard.

In order to fund a portion of the Earthquake Safety Program, the Board of Directors adopted a resolution on June 10, 2004, placing Measure AA on the November 2, 2004 ballot seeking authorization to issue general obligation bonds, in one or more series, in an amount not to exceed $980 million. Measure AA received approval by at least a two-thirds vote in the Three BART Counties, receiving approval from 68.8% of the voters voting on Measure AA.

Another major funding source programmed by MTC for the Earthquake Safety Program is a statutory designation contained in the Regional Measure 2 ("RM2") program, which was approved by Bay Area voters in March 2004. Funded by an increase of toll revenues from the State-owned Bay Area toll bridges, RM2 provides $143 million to the Earthquake Safety Program, specifically to assist in the retrofit of the Transbay Tube. Other funding sources for the Earthquake Safety Program include $134 million of State Local Seismic Safety Retrofit Program funds and

$109 million in Measure RR general obligation bond funds. The District has completed several retrofits of the Transbay Tube to date, including upgrading seismic joints, soil improvement, retrofitting the Oakland Ventilation Structure and installing structural steel liner plates in one area of the Transbay Tube. At present, the last construction contract of the Earthquake Safety Program, the seismic retrofit of the Transbay Tube, is underway. This project entails the installation of internal liner plates, to minimize water intrusion following a major seismic event and an upgrade of the existing pumping system with an emergency power supply.

The program's scope was increased as a result of cost savings realized from favorable construction bids on project components between 2009 and 2012. The current budgeted value of the Earthquake Safety Program is $1.375 billion.

System Renewal Program and System Reinvestment Program

In 2016, BART introduced its System Renewal Program (the "System Renewal Program") in order to address critical infrastructure needs. Specific programs identified include the repair and replacement of critical safety infrastructure; the renewal of track, power infrastructure, mechanical infrastructure, and stations; the repair of tunnels and structures; the replacement of train control and other major system infrastructure to increase peak period capacity; the expansion of opportunities to safely access stations; the relief of crowding and reduction of traffic congestion; and the design and engineering of future projects to relieve crowding, increase system redundancy and reduce traffic congestion.

A major project under the System Renewal Program is the replacement of the train control system. In 2014, the Board approved the replacement of the existing track circuit (fixed block) train control system with modern Communications Based Train Control ("CBTC") technology. On April 26, 2018, the California State Transportation Agency ("CalSTA") awarded BART a $318.6 million TIRCP grant for the replacement of its train control system with a CBTC system and for the procurement of 272 capacity-increasing rail vehicles. Subsequently, on April 21, 2020, CalSTA awarded BART a $107.1 million TIRCP grant for an additional 34 capacity-increasing rail vehicles. When in place, the new CBTC system, an approximately $1.7 billion project, will enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube. The new system will be design-built, with design, installation, testing and deployment occurring in phases between Fiscal Year 2020-21 and Fiscal Year 2033-34.

The System Renewal Program includes the renewal of BART's traction power system, which consists of over 60 substations which include power transformers, switching stations, gap breaker stations, and protection and control devices, as well as over 200 miles of 34.5 kV cabling. The electrical systems include tunnel and station lighting, uninterruptible power supplies, generators and switchgear, and fire alarm systems.

Also included is the track rehabilitation program, under which BART plans to replace interlockings and turnouts, direct fixation assemblies and switches, upgrade yards, and eliminate track joints to improve safety and ridership experience.

The mechanical portion of the System Renewal Program consists of renovations to some of the District's most essential services (*i.e.* essential systems, structures, and equipment) that support District facilities such as train control rooms, train maintenance complexes, yards, and stations. It includes HVAC systems, fire protection and suppression, pump systems, yard equipment, underground utilities, and storm water management.

The structural portion of the System Renewal Program consists of renovation and rehabilitation of the BART System's backbone infrastructure including fall protection on aerial structures, water intrusion in tunnels, station joints, trackways, escalator and elevator rooms, train control rooms, drainage systems, and street grate rehabilitation. This program also addresses erosions at slopes and abutments and replaces cross passage doors in the tunnels.

Measure RR funding covers a portion of the most critical needs of the System Renewal Program, and the District will continue to identify other funding sources to maintain a state of good repair.

In addition to the System Renewal Program discussed above, BART has adopted a System Reinvestment Program. To the extent the acquisition or improvement of real property is required, funds from Measure RR may be utilized for the projects in this program. The Automatic Fare Collection Modernization Program is included providing for the complete renovation and replacement of automatic fare collection equipment throughout the BART System, including ticket vendors, addfare machines, and faregates. The fare collection equipment is compatible with MTC's Clipper Card Program, designed to enable a transit rider to utilize one ticket (the "Clipper Card") to access multiple transit systems within the San Francisco Bay Area. Clipper Card® has been operating on BART gates since August 2009.

System Expansion Program

Planned extensions of the BART System include:

Silicon Valley Extension. VTA's Silicon Valley Extension (formerly referred to as the Silicon Valley Rapid Transit, or SVRT, Project) is a sixteen-mile extension of the BART System from BART's Warm Springs/South Fremont station in Fremont to the cities of Milpitas, San Jose and Santa Clara in the County of Santa Clara (the "Silicon Valley Extension"). The Silicon Valley Extension is being implemented in two phases. The first phase, the SVBX, consists of the ten-mile extension south from the Warm Springs/South Fremont station to the Milpitas and Berryessa/North San José stations. The SVBX was completed in Fiscal Year 2019-20, and revenue service to the Milpitas and Berryessa/North San José stations began on June 13, 2020. The second phase consists of a six-mile extension from the Berryessa/North San José station, and will include a five-mile subway through downtown San Jose, four new BART stations and a yard and shop complex at the Santa Clara terminus.

The extension of BART into Santa Clara County is being financed and implemented by VTA in accordance with the VTA - BART Comprehensive Agreement executed on November 19, 2001 (the "Comprehensive Agreement"). The Comprehensive Agreement outlines responsibilities between the two agencies concerning the planning, design, construction, management, financing, operation and maintenance of the extension. BART and VTA, in connection with the opening of the SVBX, executed a VTA/BART Operations and Maintenance Agreement, dated as of May 22, 2020 specifying the roles and responsibilities of the parties in the ongoing operations, maintenance, costs and revenues of the extension. The agreement requires VTA to be responsible for funding subsidies for the ongoing operating, maintenance and capital costs attributable to the extension, including a share of BART's core system capital costs, and to provide dedicated funding for such costs. VTA, BART and U.S. Bank National Association, as trustee, executed the 2008 Measure B Sales Tax Trust Agreement, dated as of May 22, 2020 in order to provide to BART a pledge of sales tax revenues from VTA as the dedicated funding source for such subsidy obligations.

The total capital cost for the Silicon Valley Extension is estimated at $9.27 billion in Year-Of-Expenditure ("YOE") dollars. The SVBX, with a capital cost of $2.41 billion in YOE dollars, was granted an FTA Full Funding Grant Agreement in March 2012. The second phase of the Silicon Valley Extension will have an estimated capital cost of $6.86 billion in YOE dollars. Planning and environmental studies for the second phase have been completed and the FTA issued the Record of Decision in June 2018. FTA granted entry into the Federal New Starts Program in March 2016; however, the federal budget proposal for Fiscal Year 2019-20 raised concerns about the viability of the Federal New Starts Program and in November 2018 VTA submitted an Expression of Interest letter to the FTA to enter the federal Expedited Project Delivery ("EPD") Pilot Program (which is funded through the "Consolidated Appropriations Act, 2019") in lieu of the New Starts Program. In June 2019, the FTA selected VTA as its first EPD participant, and in August 2019 the FTA allocated $125 million to the second phase of the Silicon Valley Extension. The VTA received a Notice of Funding Opportunity from the FTA on July 28, 2020, and the VTA is on track to submit to the FTA a formal application requesting federal funds under the EPD by mid-August 2020.

Irvington Station. In 2003, the Board approved a revised Warm Springs Extension, which included the Irvington station as an "Optional Station." In the revised Warm Springs Extension, funding for the optional Irvington station would be the responsibility of the City of Fremont. The City of Fremont successfully secured $120 million for the Irvington station when Measure BB, a sales tax measure, was approved by Alameda County voters in November 2014, and the 2014 Transportation Expenditure Plan was approved by the Alameda County Transportation Commission ("ACTC"). However, this funding was not secured in time for the Irvington station to be included when the Warm Springs Extension was otherwise completed and opened for revenue service in March 2017. Pursuant to the terms of a 2017 Letter of Intent with BART, the City of Fremont undertook a $2.7 million effort to develop a station area plan, update the station site plan to reflect BART's current access policies and priorities, and refresh the station's environmental clearance under the California Environmental Quality Act. This effort was successfully completed in the Summer of 2018 when the Fremont City Council adopted the station area plan and the BART Board of Directors adopted both the modified project and supplemental environmental impact report addendum. In October 2018, ACTC voted to grant BART $16.45 million for the station's design, which began in May 2019. In March 2019, the MTC approved a re-allocation of $2 million in Warm Springs RM 2 funds to complete the funding of the Irvington station's design phase. Further funding for right-of-way acquisition and construction is anticipated from ACTC in Fiscal Year 2020-21. Subject to funding availability and following the completion of design, right-of-way acquisition, construction, testing, certification and the on-boarding phases of the project, the Irvington station is expected to be open for passenger service in Fiscal Year 2026-27.

Hayward Maintenance Complex. The HMC project consists of the acquisition and improvement of four properties on the west side of the existing HMC to provide a new component repair shop, a revenue vehicle overhaul shop, a new central parts warehouse, and a new maintenance and engineering non-revenue vehicle shop. The project also includes the construction of additional storage tracks for a maximum of 250 vehicles on undeveloped BART property on the east side of the HMC, referred to as HMC Phase 2- East Storage Yard. The project is proceeding in two phases, Phase 1 (consisting of both Phase 1 and Phase 1A) and Phase 2, and will cost approximately $1.1 billion.

Phase 1 includes the acquisition of properties, and the design and construction of the component repair shop, completed in February 2020, and the central parts warehouse, projected to be completed in Fall 2020. Phase 1 was funded by federal and state grants, as well as by BART operating funds. BART is actively seeking funding from various state and regional sources for Phase 1A, which will consist of a revenue vehicle overhaul and heavy repair shop and a new maintenance and engineering non-revenue vehicle shop. Phase 2, which is a part of the larger Transbay Corridor Core Capacity Project, is expected to receive an FTA Full Funding Grant Agreement in the Summer of 2020, and is currently proceeding with funds from Measure RR and BART capital allocations. For a description of the Transbay Corridor Core Capacity Project, see "BART FINANCINGS AND CAPITAL PROGRAMS – Service and Capacity Enhancement Program."

BART to Livermore Extension. BART previously considered a 4.8-mile extension of the BART System to Livermore (the "BART to Livermore Extension Project"), but in May 2018 the Board of Directors voted not to adopt the proposed project. BART is no longer advancing the BART to Livermore Extension Project, and is instead supporting the Tri-Valley San Joaquin Valley Regional Rail Authority as it develops its Valley Link Project, a proposed new rail system from BART's Dublin/Pleasanton station to Livermore and the San Joaquin Valley.

Security Enhancement Program

It is the District's mission to provide safe, secure, clean, reliable, and customer-friendly regional public transit service that increases mobility and accessibility for the Bay Area. Security programs are a key component in fulfilling this mission, and as such, the District has identified significant capital investment needs for infrastructure security hardening, employee training and customer outreach (the "Security Enhancement Program"). The District's Security Enhancement Program integrates security planning and preparedness into all of BART's operations and services. Effective implementation and administration of the Security Enhancement Program improves the overall security of its transit operations as well as the services the District provides to its customers. At present, the District anticipates that the majority of funding required for capital security improvements will need to be obtained from external grant sources.

Service and Capacity Enhancement Program

Major elements of this program include station enhancements and upgrades, capacity projects, station access improvements and transit-oriented development projects.

Station enhancement and upgrade projects include capacity expansion and other improvements within the paid and unpaid areas of stations, such as entrance improvements, faregate upgrades, elevator improvements, and crossing connections. Such projects may be either system-wide projects or individual station projects, which are developed through a comprehensive planning process. Once projects are identified, grant funding is sought from a variety of sources to allow for project implementation. When grant funding is secured and identified for a particular project, such project is implemented.

In recent years, BART has increasingly experienced severe crowding on the system, both onboard trains and in stations. To address crowding onboard trains, BART is proceeding with the Transbay Corridor Core Capacity Project, which will implement a package of improvements (train control modernization, additional railcars, new traction power substations, and additional rail vehicle storage capacity) that will allow BART to increase frequencies on the system. See "BART FINANCINGS AND CAPITAL PROGRAMS – Rail Vehicle Replacement Program" and "BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program – *Hayward Maintenance Complex*" herein; see also discussion of CBTC system within "BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program and System Reinvestment Program. On June 20, 2019, the FTA approved this project to enter the Core Capacity Engineering Phase of the FTA's Capital Investment Grant ("CIG") Program. In Fiscal Year 2019-20, BART sought a Full Funding Grant Agreement from FTA, which is currently pending final approval. Other minor capacity enhancement projects such as tail track improvements and crossovers are implemented as grant funding is secured through a variety of sources.

BART's Station Access Policy, adopted in June 2016, guides the District's station access investments, resource management, and practices through 2025. Efforts are directed at increasing and improving access options, supporting active modes, and reducing the share of riders that access stations in a drive-and-park mode. Implementation of System Access Improvements projects is dependent upon securing funding. Grant funds are expected to be leveraged with other BART funds, including Measure RR funds for station access projects.

Transit-Oriented Development. The Board has adopted four new policy documents guiding the Transit-Oriented Development ("TOD") program. First, on January 28, 2016, the Board adopted an Affordable Housing Policy, requiring that a minimum of 20% of the units developed on BART property at a station be affordable, with a preference for low income, very low income, and transit dependent populations. Second, on June 9, 2016, the Board adopted a new TOD policy (which was subsequently amended on April 23, 2020), which updated the original 2005 policy to emphasize BART's leadership in the implementation of the Bay Area Plan (as defined below), a focus on greenhouse gas reduction and expansion of transportation choices through TOD, encouragement of reverse commute and off-peak ridership, and inclusion of the affordable housing policy. Third, on December 1, 2016, the Board adopted TOD performance targets, stating that the District aims to produce 20,000 housing units and 4.5 million square feet of office space on BART property by 2040, 35% of which will be affordable (totaling 7,000 affordable units). The TOD performance targets also establish that BART aims to influence development within a half-mile of BART. Fourth, on November 17, 2011, the Board adopted a Project Stabilization Agreement Policy requiring developers of BART-owned property to negotiate a construction labor agreement with the local building trades.

In September 2018, Governor Jerry Brown signed Assembly Bill 2923, which requires local jurisdictions to zone certain developable BART-owned property for intensive transit-oriented development. BART is working with its partner jurisdictions on the implementation of this state legislation.

BART and its private development partners have completed 16 residential and commercial projects at the Castro Valley, Richmond, Ashby, Pleasant Hill/Contra Costa Centre, Fruitvale, West Dublin/Pleasanton, MacArthur, South Hayward, San Leandro and Coliseum stations. Further developments are under construction at the MacArthur, Millbrae, and Walnut Creek stations, and additional developments at the Fruitvale, Richmond, West Dublin/Pleasanton, Pleasant Hill/Contra Costa Centre, and West Oakland stations have been approved. Other projects in various stages of development are slated for the Lake Merritt, North Concord, Balboa Park, and El Cerrito Plaza stations. Additional TOD activity has occurred at the Hayward and Dublin/Pleasanton stations through property exchanges with the local land use jurisdictions. The District continues to work closely with a variety of local jurisdictions, community groups and private development partners to advance such projects and to support their efforts to develop public and private funding plans for these projects. Participation in the planning and development process does not commit the District to funding any project.

BART Headquarters Acquisition and Improvement

The District currently leases approximately 369,000 square feet of space in an office building in Oakland that serves as its headquarters and is utilized by over 1,000 BART employees and contractors. The lease of the current headquarters expires July 18, 2021 and any extension of such lease would involve more than a 60% increase in rent, such cost increase reflecting adjustment to current market rates. On September 12, 2019, following an investigation by BART and its consultants regarding options for rent or purchase of facilities to serve as the BART headquarters, the Board of Directors approved the acquisition of a newly renovated building near its current location. The building, located at 2150 Webster Street in Oakland, has 10 floors, approximately 245,000 square feet, and was constructed in 1975 using concrete cast in place construction. The acquisition price of the building was approximately $142 million and BART has budgeted $85 million for tenant improvements, with occupancy planned prior to July 1, 2021. To finance the cost of the acquisition and improvement of the property, the District issued its San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2019 Series A, in the aggregate principal amount of $223,020,000 (the "2019A Sales Tax Bonds") on October 31, 2019. The 2019A Sales Tax Bonds are special obligations of the District payable from and collateralized by a pledge of sales tax revenues. See "BART FINANCINGS AND CAPITAL PROGRAMS – Sales Tax Revenue Bonds" herein.

Funding Developments

Pension Reform and Grant Funding. The Urban Mass Transportation Act of 1964 requires that employee protections, commonly referred to as "protective arrangements" or "Section 13(c) arrangements," must be certified by the United States Department of Labor ("DOL") and be in place (between transit agency management and transit employee unions) before federal transit funds can be released to a mass transit provider.

The California Public Employees' Pension Reform Act ("PEPRA"), which took effect in January 2013, changed the way CalPERS retirement and health benefits are applied, and placed compensation limits on certain members.

In October 2013, the California Legislature passed temporary legislation exempting represented transit workers from PEPRA. The temporary legislation was necessary because the DOL had refused to certify Federal Transit Administration funding grants based on its determination that PEPRA infringed upon transit workers' collective bargaining rights. DOL certification is required for FTA to approve and pay grants. Absent that certification, transit agencies in California could not receive federal funds. Once the temporary legislation was enacted, making represented transit employees exempt from PEPRA, the DOL permitted the release of federal funds to transit agencies including the District.

The State (and the Sacramento Regional Transit Agency) brought litigation in the U.S. District Court, Eastern District of California, which challenged the DOL's determination that PEPRA interfered with collective bargaining rights. On December 30, 2014, the U.S. District Court issued a ruling that the DOL's refusal to certify the federal grants was arbitrary and capricious. The District Court remanded the issue back to the DOL with instructions that it act in accordance with the District Court's order.

The legislation which exempted transit employees from PEPRA by its terms was to expire in 2015 or upon a determination by the District Court that the DOL erred in refusing to certify the federal funds. As a result, the temporary exemption expired on December 30, 2014, and all transit employees became subject to PEPRA.

Thereafter, the DOL took the position that the District Court's ruling did nothing more than require it to reconsider whether PEPRA infringes upon collective bargaining rights. However, the DOL did agree to conditionally certify the federal grants subject to certain terms and conditions. Those conditions require the District to potentially return the grant funds or alternatively to reimburse employees for pension contributions. Federal transit funds were being provided subject to these conditions. The parties returned to District Court to, again, address the DOL's position. On January 24, 2018, the Court, again, ruled that the DOL's determination that PEPRA interfered with collective bargaining rights was in error.

The decision is now final; however, the issue is still not resolved. In 2019, the Amalgamated Transit Union ("ATU") objected to the DOL's certification of federal funding grants based upon PEPRA. Fortunately, these objections were rejected by DOL's Director of the Office of Labor-Management Standards in June 2019, with reference to the Court's ruling. The DOL has communicated it will continue to certify California's transit grants unless it receives a court injunction barring them from doing so, and DOL subsequently acted on this commitment by rejecting additional objections from ATU. DOL has also expressed interest in federal legislation that would limit the department's role in the grant certification process.

BART will continue to monitor objections to the certification of federal transit grants as well as the status of litigation filed in response to prior certifications.

For more information regarding pension contributions under the District's collective bargaining agreements, see "DISTRICT FINANCIAL INFORMATION – Labor Relations and Employee Retirement Benefits."

State and Regional Transit Funding. BART receives funding through appropriations of STA, which are derived from actual receipts of the sales tax on diesel fuel, and vehicle license fees. Statewide collections can fluctuate based on diesel prices and consumption. In addition, appropriations to transit operators can vary based on calculations of qualifying revenues for the local operator and the region. STA funding has not been consistent and can be subject to actions in the governor's state budget, although in recent years vehicle license fees have provided stability. BART's STA funds are allocated by MTC. For Fiscal Year 2020-21, BART has budgeted for net STA funding of \$28.5 million, comprising approximately 15.6% of BART's total budgeted operating revenues.

The District also applied and received an allocation from the Low Carbon Transit Operations Program ("LCTOP") which is funded from the State's Cap-and-Trade program annual proceeds and was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. In July 2019, the District received \$8.4 million of LCTOP, which was be programmed for BART to Antioch operations in Fiscal Year 2019-20. The District expects to receive an \$8.5 million LCTOP allocation in July 2020 for BART to Antioch operations in Fiscal Year 2020-21. For additional information regarding LCTOP, see Note 9 to the audited financial statements of the District included as Appendix B to this Official Statement.

With respect to transit funding within the San Francisco Bay Area, on July 26, 2017 the Association of Bay Area Governments and the MTC adopted Plan Bay Area (the "Bay Area Plan"), an integrated transportation and land-use strategy through 2040 that meets the requirements of California's landmark Senate Bill 375 of 2008, which calls on each of the State's 18 metropolitan areas to develop a Sustainable Communities Strategy to accommodate future population growth and reduce greenhouse gas emissions from cars and light trucks. Working in collaboration with local jurisdictions and transit operators, the Bay Area Plan provides a roadmap for accommodating expected growth and connects it all to a transportation investment strategy that strives to move the Bay Area toward key regional goals for the environment, economy, and social equity. BART facilities play a critical role in meeting major goals and objectives of the Bay Area Plan.

The Bay Area Plan specifies how approximately \$303 billion in anticipated federal, state and local funds will be spent through 2040. Nearly 90% (or \$268 billion) will be used to operate, maintain, and modernize the transportation network that already exists. Maintenance, operation, and modernization of the Bay Area's existing public transit services and roadways will receive about 57% (\$173 billion). Of this total, BART is expected to receive from all sources (including farebox, taxes and grants) approximately \$44 billion in operating and capital funds.

BART continues to receive approximately \$50 million per year in capital renovation funds from the FTA Sections 5307, 5309 and 5337 Formula Funding programs, which are programmed regionally by MTC. Under its current policy, MTC funds only the District's highest scoring transit capital reinvestment needs in the Bay Area Plan. Under the Bay Area Plan, the District has a 24-

year capital asset renovation and rehabilitation need of $13.1 billion. MTC and participating counties fund these from a combination of federal formula funds ("STP/CMAQ") and State Transportation Improvement Program ("STIP") funds. For the District, this means approximately 65% of the District's 28-year capital asset renovation and rehabilitation needs are projected to be funded in Fiscal Years 2017-40. The remaining 35% of the District's reinvestment needs in this period, approximately $5 billion, remain unfunded.

San Mateo County Transit District Settlement. On April 27, 2007, with the assistance of MTC, BART and SamTrans reached a resolution (the "Settlement") regarding the financing of operations to the five San Mateo County stations south of Daly City that make up the extension of the BART System into SFO and to the Millbrae station (the "SFO Extension"). The resulting key terms of the Settlement give BART full responsibility over SFO Extension operations, with monetary contributions from SamTrans and MTC to offset the cost of operating outside the District. MTC and SamTrans provided a combined $56 million of up-front funding over several years, applied to fund operating deficits on the SFO Extension, and directed $145 million to the Rail Vehicle Replacement Program per MTC Resolution 4123 dated December 13, 2013 (the "Rail Vehicle Replacement Program"). BART also receives two forms of ongoing subsidy, consisting of: two percent (2%) of San Mateo County's Measure A half-cent sales tax, which is currently equal to approximately $1.5 million per year and was allocated to BART for 25 years beginning in Fiscal Year 2008-09; and SamTrans' annual Proposition 42 Traffic Congestion Relief Program increment, approximately $100,000 in Fiscal Year 2007-08 and a fixed amount of approximately $800,000 beginning in Fiscal Year 2008-09, until the aforementioned $145 million has been generated. Proposition 42 dedicates revenues from the State's share of the sales tax on gasoline to transportation projects and is subject to reduction or elimination by State budget action that reduces the sales tax.

Senate Bill 595 and Regional Measure 3. In 2017, Senate Bill 595 ("SB 595") was enacted and authorized a proposed toll increase of up to $3.00 on the seven State-owned bridges within the MTC's jurisdiction (the "Bridges") subject to approval by a majority of voters in the Bay Area of the increase and a related expenditure plan (the "Expenditure Plan"). A regional ballot measure, entitled Regional Measure 3 ("RM3"), was placed on the ballot in all nine counties in the Bay Area and, on June 5, 2018, a majority of Bay Area voters approved RM3, including a toll increase of $3.00 phased in over time, with a $1.00 toll increase on January 1, 2019, a $1.00 toll increase on January 1, 2022, and a $1.00 toll increase on January 1, 2025, for vehicles traveling on the Bridges (collectively, the "SB 595 Toll Increases"). The approved Expenditure Plan includes funding for projects to improve and enhance the Bridges and corridors from proceeds of the SB 595 Toll Increases. Within the Expenditure Plan, BART was allocated $500 million to expand the District's fleet of rail cars and improve reliability, and also earmarked additional funds for the Silicon Valley Extension. SB 595 also required the District to establish a new independent office of the BART Inspector General (the "Inspector General"). The Inspector General is charged with ensuring that the District makes effective use of bridge toll and other revenue and operates efficiently, effectively, and in compliance with applicable federal and state laws. SB 595 allocates $1 million annually to the Inspector General's office from bridge toll revenues to finance operations of the office.

Two suits have been filed challenging RM3. In the first suit, several plaintiffs, including the Howard Jarvis Taxpayers Association, filed suit against the Bay Area Toll Authority

("BATA") and the State Legislature in San Francisco Superior Court (the "Superior Court") seeking to invalidate SB 595 and RM3. On October 10, 2018, the Superior Court granted BATA's motion for judgment on the pleadings with leave for plaintiffs to amend. On October 22, 2018, the plaintiffs filed a First Amended Complaint seeking declaratory relief and invalidation of SB 595 and RM3 (the "FAC"). Plaintiffs in the FAC asserted that: (i) SB 595 is a change in State statute resulting in a higher tax which would require approval of two-thirds of all members of the State Legislature, and it did not meet such vote threshold, and (ii) RM3 is a special tax which would require two-thirds voter approval. On April 3, 2019, the Superior Court granted BATA's and the State Legislature's motions for judgment on the pleadings against the FAC without leave to amend and, on April 17, 2019, entered judgment for defendants BATA and State Legislature. On May 20, 2019, the Howard Jarvis Taxpayers Association filed a notice of appeal to the California Court of Appeal, First Appellate District (the "Court of Appeal").

In the second suit, filed by Randall Whitney, representing himself, against MTC and other unnamed defendants, the plaintiff asserted, among other things, that: (i) SB 595 is unconstitutional, and (ii) that RM3 is a special tax which would require two-thirds voter approval (the "MTC Litigation" and, together with the FAC, the "Challenges to SB 595 and RM3"). Mr. Whitney's petition sought, among other things, a writ of mandate "ordering MTC to nullify the RM3 tax." MTC filed a motion for judgment on the pleadings for all of plaintiff's claims with the exception of one relating to a California Public Records Act request and, on June 11, 2019, the Superior Court granted MTC's motion for judgment on the pleadings without leave to amend. The claim relating to the California Public Records Act request was subsequently dismissed by motion of the plaintiff on July 11, 2019, and judgment was thereafter entered by the Superior Court. The plaintiff, and his newly retained attorney from the Howard Jarvis Taxpayers Foundation, filed an appeal of the Superior Court's ruling on the motion for judgment on the pleadings with the Court of Appeal.

A motion to consolidate the appeals in the Challenges to SB 595 and RM3 was granted by the Court of Appeal on October 9, 2019, and oral argument in the appeals was heard on May 26, 2020. On June 29, 2020, the Court of Appeal affirmed in full the Superior Court's judgments in the Challenges to SB 595 and RM3. On July 8, 2020, appellants filed a petition for rehearing in the Court of Appeal and, on July 13, 2020, the Court of Appeal denied such motion. Appellants currently have the right to file a petition in the Supreme Court of California seeking review of the Court of Appeal's decision.

Pursuant to a BATA resolution, the SB 595 Toll Increases are currently being held in an SB 595 escrow account until such suits have reached a final, non-appealable resolution and further action consistent with such final, non-appealable resolution is taken by BATA. No funding from this source of funds will be available to support the new Inspector General office during the pendency of these suits.

DISTRICT FINANCIAL INFORMATION

Financial Statements

A copy of the most recent audited financial statements of the District prepared by Macias Gini & O'Connell LLP ("MGO"), Walnut Creek, California, is included as Appendix B to this Official Statement. See Appendix B—"SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT REPORT ON AUDITS OF FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018." The financial statements of the District included in Appendix B to this Official Statement have been examined by MGO, whose report thereon appears in such Appendix. MGO was not requested to consent to the inclusion of its report in Appendix B, nor has MGO undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by MGO with respect to any event subsequent to the date of its report.

Historical Financial Results

The table on the following page summarizes BART's historical financial operating results for its General Operating Fund for the Fiscal Years ending June 30, 2014 through June 30, 2019. This summary is derived from BART audited financial statements for the Fiscal Years indicated therein (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. Amounts reported in audited financial statements as "Other Income (expenses)" under "Nonoperating revenues (expenses)" are excluded from the presentation below because they pertain only to extraordinary transactions or those transactions associated with Other District Funds, *i.e.* debt issue and debt service costs. The income and expenses reported in the audited financial statements were based on consolidated information which included transactions pertaining to Other District Funds—Capital Funds and Debt Service Funds. Generally, income and expenses associated with the Other District Funds include investment income, interest expense and debt issue costs. However, in the table below summarizing historical financial operating results, only transactions related to the District's General Operating Fund are shown.

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HISTORICAL FINANCIAL RESULTS OF GENERAL OPERATING FUND
($ in Thousands)

(Fiscal Years Ending June 30)

	2014	2015	2016	2017	2018	2019
Annual Passengers (thousands)	117,074	125,979	128,524	124,171	120,554	118,104
Operating Revenues						
Passenger Revenues - Net	$416,573	$463,634	$489,583	$485,674	$481,783	$482,644
Investment Income[(1)]	8	167	1,120	2,329	4,742	3,700
Other	46,587	50,908	56,217	61,426	64,831	72,040
Total Operating Revenues	$463,168	$514,709	$546,920	$549,429	$551,356	$558,384
Financial Assistance:						
Sales Tax Revenues	$221,149	$233,148	$241,546	$247,185	$257,882	$280,385
Property Tax Revenues[(2)]	32,054	34,324	38,086	41,622	45,701	48,086
Other	96,297	107,307	72,795	77,069	54,736	65,694
Total Financial Assistance	$349,500	$374,779	$352,427	$365,876	$358,319	$394,165
Total Operating Revenues and Financial Assistance	$812,668	$889,488	$899,347	$915,305	$909,675	$952,549
Operating Expenses:						
Labor	$411,426	$421,707	$451,769	$514,692	$573,996	$586,871
Electrical Power	37,231	36,004	37,680	37,883	38,976	39,230
Express Feeder Bus[(3)]	1,346	3,399	3,465	3,772	3,126	4,054
Purchased Transportation-OAC	–	3,542	5,928	6,014	6,242	6,448
Other Non-Labor[(9)]	121,297	132,464	139,452	153,827	150,694	154,226
Total Operating Expenses Net[(4)]	$571,300	$597,116	$638,294	$716,188	$773,034	$790,829
Net Revenues	$241,368	$292,372	$261,053	$199,117	$136,641	$161,720
Sales Tax Bond Debt Service[(5)]	$58,240	$55,958	$48,611	$50,448	$45,614	$46,640
BART Car Funding Exchange [(6)]	$72,000	$74,168	$50,176	$52,548	-	-
Excess Revenues/(Deficit)	$111,128	$162,246	$162,266	$96,121	$91,027	$115,080
Operating Ratio[(7)]	81%	84%	83%	80%	76%	74%
Farebox Ratio[(8)]	73%	76%	74%	70%	67%	64%

(1) Investment income amount in audited financial statements is higher due to inclusion of investment income from District Funds other than the District's General Operating Fund.

(2) Excludes property tax revenue collected for the debt service of the general obligation bonds.

(3) Relates to District's share of expenses paid to local operators associated with providing passenger access to BART not covered by STA funds.

(4) Amount reported is higher in audited financial statements because such amounts in the financial statements include depreciation expense.

(5) "Bond Debt Service" reported above represents actual amount remitted to cover debt service paid from the General Operating Fund, which excludes general obligation bonds. Amount in audited financial statements under "Interest Expense" represents interest expenses for all District debts, net of capitalized interest expense. For a complete discussion of BART's long term debt, see Note 6 to the audited financial statements of the San Francisco Bay Area Rapid Transit District included as Appendix B to this Official Statement.

(6) BART Car Funding Exchange represents a transfer to MTC in exchange for the same amount in federal preventive maintenance grant provided by MTC to the District. The federal grant received is shown as part of Financial Assistance – Other.

(7) Operating Ratio is defined as the total operating revenues divided by the total operating expenses, net of expenses associated with the implementation of GASB 68 and GASB 75, which affected pension expense and other post-employment benefit expenses.

(8) Farebox Ratio is defined as total passenger revenues divided by total operating expenses, net of expenses associated with the implementation of GASB 68 and GASB 75, which affected pension expense and other post-employment benefit expenses.

(9) Other Non-Labor expenses include professional and technical fees, rent, repairs and maintenance, Clipper Card and interchange fees, cost of providing paratransit services, feeder agreement with SFMTA, costs for other utilities, and other miscellaneous expenses.

Management's Discussion of Historical Financial Results

Between Fiscal Years 2013-14 and 2018-19 annual BART ridership grew from 117.1 million trips to 118.1 million trips, peaking in Fiscal Year 2015-16 at a historical high of 128.5 million trips. In this six-year period BART opened three extension projects: the OAC in November 2014, the Warm Springs Extension in March 2017, and the Antioch Extension in May 2018. Cumulatively, these projects have added thousands of net new riders to the BART System. In recent years these ridership gains were increasingly offset by concerns about congestion at peak commute times, safety and cleanliness on the system as well as increases in shared mobility options, particularly the increased utilization of TNCs. OAK first permitted operation of TNCs in November 2015, which accompanied a noticeable shift in ridership for BART at that same time. The same decline in ridership due to TNCs is occurring at the SFO station.

Passenger revenue grew from $417 million in Fiscal Year 2013-14 to a peak of $490 million in Fiscal Year 2015-16 due to fare increases and ridership growth. Passenger revenue began to decrease in Fiscal Year 2016-17 and was $483 million in Fiscal Year 2018-19, 1.4% lower compared to the peak revenue in Fiscal Year 2015-16 due to declines in ridership. The decline in passenger revenue was less than the decline in ridership in part due to fare increases during that time period and because most of the ridership loss was in short trips that generate less revenue per trip. Total operating revenues and financial assistance increased from $813 million in Fiscal Year 2013-14 to $953 million in Fiscal Year 2018-19. This increase is due to fare revenue growth, sales tax and property tax growth, and increases in other operating revenue, including parking revenue, commercial communications and advertising revenue. In addition, amounts directed to the Rail Car Fund Exchange with MTC increased over this time; however, there were no impacts to net revenues since corresponding expenses were also recognized in grant assistance.

Sales tax revenues were $221 million in Fiscal Year 2013-14 and increased to $258 million in Fiscal Year 2017-18, with growth rates ranging from 6.0% in Fiscal Year 2013-14 to 4.3% in Fiscal Year 2017-18. The sales tax revenues in Fiscal Year 2018-19 of $280 million showed an 8.7% increase, but some of those revenues may be derived from the prior year and the District is budgeting a lower amount for Fiscal Year 2019-20. Due to the Shelter-In-Place Orders currently in effect, the District is budgeting a further reduced amount of sales tax revenues for Fiscal Year 2020-21.

Other operating assistance received by BART includes STA, ranging from $10.1 million to $38.0 million received annually during Fiscal Year 2013-14 through Fiscal Year 2017-18, although amounts have fluctuated. STA revenues for Fiscal Year 2018-19 were $32.6 million. Additional financial assistance comes from BART's portion of the one percent (1%) general property tax levy, which ranged from $32.1 million in Fiscal Year 2013-14 to $48.0 million in Fiscal Year 2018-19, with annual growth rates between 4% and 11% after recovery from the recession and continued increases in Bay Area real estate prices.

Operating expenses, excluding depreciation, increased by approximately $220 million between Fiscal Year 2013-14 and Fiscal Year 2018-19. Expense increases during these six years included additional service and investments in the BART System, the opening of the OAC (November 2014), the opening of the Warm Springs Extension (March 2017), the opening of the

Antioch Extension (May 2018), as well as additional staff and funds to address areas such as system maintenance, quality of life, fare evasion, safety and security, and station cleanliness. Labor costs increased pursuant to labor contracts and benefit costs increased as well. Under new labor agreements effective Fiscal Year 2013-14 through Fiscal Year 2016-17 and renewed through Fiscal Year 2020-21, labor costs are anticipated to increase modestly. See "DISTRICT FINANCIAL INFORMATION – Labor Relations and Employee Retirement Benefits" herein.

Electric power costs increased slightly over the past six years, growing by a modest 5% mainly due to incremental costs to source electric supply from carbon-free sources, higher energy use due to expansion of system service to Warm Springs/South Fremont and Antioch, and increased rates for electricity delivery. While power costs have slightly increased, actual costs have come in lower than forecast due to lower cost of greenhouse gas compliance under the State's Cap-and-Trade program and lower than expected energy prices. See "THE BART SYSTEM – Power Supply" herein.

In each Fiscal Year's budget process, management establishes an operating ratio goal (percentage of operating revenue to operating expenses). The District has achieved operating ratios of above 70% in recent years, well above national averages for urban transit systems. Excluding the effect of GASB 68 and GASB 75 adjustments which impacted pension and other post-employment benefit expenses, the District's operating ratio for Fiscal Year 2018-2019 was 74%, slightly exceeding the budgeted goal of 73%.

The District proceeded with major capital projects in Fiscal Year 2018-19, including the Rail Vehicle Replacement Program, the System Reinvestment Program, the Earthquake Safety Program and the System Renewal Program. See "BART FINANCINGS AND CAPITAL PROGRAMS" herein.

Adopted Budget for Fiscal Year 2019-20 and Adopted Budget for Fiscal Year 2020-21

On June 13, 2019, the Board of Directors adopted a $947.2 million balanced operating budget for Fiscal Year 2019-20. The budget reflected assumptions of a decline in fare revenues based upon recent trends.

Operating expenses in Fiscal Year 2019-20 were budgeted to increase 4.2% from the adopted Fiscal Year 2018-19 budget, mainly due to increases in net labor costs and associated benefits. Operating sources in Fiscal Year 2018-19 were budgeted to increase 25.0% from the adopted Fiscal Year 2018-19 budget, mainly due to increases in sales tax proceeds and other financial assistance. In particular, the District budgeted to receive funding for the first time from the Low Carbon Transit Operations Program, established by the California Legislature in 2014.

The Fiscal Year 2019-20 budget was severely impacted by the COVID-19 pandemic. BART achieved a balanced budget in Fiscal Year 2019-20 by utilizing federal funding under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). After each of the Three BART Counties instituted the Shelter-In-Place Orders in March 2020, ridership on the BART System declined by as much as 97%. As an essential service, BART continued to operate but implemented reduced revenue service to reflect the reduced need for service, and used the reduced service hours to accelerate its capital projects. See "THE BART SYSTEM – Ridership" herein.

Approximately seventy percent (70%) of BART's $1.42 billion capital budget for Fiscal Year 2019-20 was directed to the System Reinvestment Program, which is a collection of projects generally categorized as controls and communications, facilities, mainline, rolling stock and work equipment. Major components of the System Reinvestment Program are the projects mentioned above, with $262 million directed to the Rail Vehicle Replacement Program and $167 million directed to the Earthquake Safety Program in Fiscal Year 2019-20. Other major expenditures reflected the increased emphasis on system reinvestment, including mainline rail and power distribution projects ($409 million), station modernization, access, and renovation projects ($212 million).

On June 25, 2020, the Board of Directors adopted its Operating Budget for Fiscal Year 2020-21 (the "2020-21 Budget"). The 2020-21 Budget reflects the extraordinary new challenges that BART faces due to the COVID-19 pandemic, as well as continued challenges posed by declining fare revenue, increased operating expenses, and aging infrastructure. Given the uncertainty surrounding the future course of the COVID-19 pandemic, the District developed two different ridership scenarios while creating the 2020-21 Budget, each based on the California Resiliency Roadmap. The first scenario assumes that the Bay Area will reach Stage 4 of the California Resiliency Roadmap (the end of the statewide stay-at-home order) by September 2020, and calculates that BART ridership will average 50% of pre-COVID-19 levels in Fiscal Year 2020-21. The second scenario assumes that the Bay Area will not reach Stage 4 until June 2021, and calculates that BART ridership will average only 15% of pre-COVID-19 levels in Fiscal Year 2020-21. The 2020-21 Budget assumes that average ridership will be at the midpoint between these two scenarios, averaging 30% of pre-COVID-19 levels in Fiscal Year 2020-21.

Operating expenses in Fiscal Year 2020-21 are budgeted to increase 6.4% from the adopted Fiscal Year 2019-20 budget, mainly due to increased costs associated with the SVBX and the challenges posed by the COVID-19 pandemic. The 2020-21 Budget provides funding for the SVBX, and an additional $43.8 million for new labor and non-labor costs the District may incur due to the COVID-19 pandemic, including increasing service, and disinfecting and cleaning cars, stations, and BART facilities.

Despite the projected $363 million decline in passenger and non-fare revenues, operating sources in Fiscal Year 2020-21 are only budgeted to decrease 3.42% from the adopted Fiscal Year 2019-20 budget. To fill the budget gap created by the sharp reduction in operating revenues, the District included in the 2020-21 Budget $311 million in emergency assistance (including federal funding provided through the CARES Act), and an additional $57.1 million in other financial assistance compared to the adopted Fiscal Year 2019-20 budget (including $42.5 million in financial assistance relating to the SFO Extension, $30.3 million in financial assistance provided by the VTA, and $1.6 million in financial assistance provided by MTC).

Both ridership on the BART System and federal financial assistance are currently lower than projected in the Fiscal Year 2020-21 Budget. The Board of Directors intends to review the Fiscal Year 2020-21 Budget quarterly and take actions within its powers to address any revenue shortfalls, but additional federal, State, or local assistance may be necessary to achieve a balanced budget in Fiscal Year 2020-21.

The table below shows the revenue and expense projections in the 2020-21 Budget compared to the revenues and expenses in the adopted budget for Fiscal Year 2019-20:

District Operating Budget (millions)	**Fiscal Year 2019-20 Adopted***	**Fiscal Year 2020-21 Adopted***	**Fiscal Year 2019-20 vs. Fiscal Year 2020-21***
Revenue			
Passenger Revenue (Rail and ADA)	$ 480.3	$ 148.4	$ (331.9)
Non-Fare Revenue	65.2	34.1	(31.1)
Total Financial Assistance	401.8	421.4	19.6
Sales Tax Proceeds	*277.0*	*239.0*	*(38.0)*
Property Tax Proceeds	*50.6*	*50.6*	*0.0*
Low Carbon Transit Operations Program	*8.3*	*8.5*	*0.2*
Low Carbon Fuel Standard Program	*14.1*	*14.4*	*0.3*
Other	*51.7*	*108.8*	*57.1*
Total Emergency Assistance		311.0	*311.0*
CARES Funding (Round 1 – FY20 Remainder)	-	*87.0*	*87.0*
CARES Act Funding (Round 2 – Targeted)	-	*164.0*	*164.0*
FEMA Reimbursed COVID-19 Expenses	-	*20.0*	*20.0*
Deferment of FY20 Railcar Allocation	-	*40.0*	*40.0*
Total Sources	**947.3**	**914.9**	**(32.4)**
Expense			
Net Labor and Benefits	591.6	600.9	9.3
Power	45.6	48.1	2.5
COVID-19 Labor Set-Aside	-	23.5	23.5
COVID-19 Non-Labor Set-Aside	-	20.3	20.3
Other Non-Labor	131.0	130.6	(0.4)
ADA Paratransit	16.9	16.1	(0.8)
Purchased Transportation	14.6	11.4	(3.2)
Total Expense	**799.8**	**850.9**	**51.1**
Sales Tax Debt Service and Allocations	**147.5**	**64.0**	**(83.5)**
TOTAL USES	**947.3**	**914.9**	**(32.4)**

BART's $1.51 billion capital budget for Fiscal Year 2020-21 reflects a 6% increase from the capital budget for Fiscal Year 2019-20, as BART plans to take advantage of reduced ridership during the COVID-19 pandemic to accelerate critical projects. Approximately 76% of the capital budget for Fiscal Year 2020-21 is directed to the System Reinvestment Program, including $412 million directed towards rail vehicle replacement, $260 million directed at track and structures rehabilitation and traction power reinvestment, $205 million directed at new headquarters development and the HMC, $194 million directed at train control modernization, and $71 million directed at station modernization. Additional expenditures include approximately $67 million for the Earthquake Safety Program, $177 million for service and capacity enhancements, $65 million for safety and security, $46 million for system expansion projects, and $8 million for reimbursable expenses. In addition to allocations from the operating budget, capital expenditures are funded from bond proceeds, state and federal grants and other local sales tax and toll bridge revenues.

* Columns may not add due to rounding.

Risk Management and Insurance

The District is partially self-insured for workers' compensation, public liability and property damage claims. The District's property is insured against flood damage but is not insured against earthquake damage, which is not currently commercially affordable. The District's property is insured for $50 million per occurrence for equipment in the Control Center and $50 million per occurrence for all other insured property. Terrorism insurance coverage is provided in the amount of $50 million dollars for all property. The self-insured retention for all insurance programs is $5 million per occurrence. The District's self-insurance programs are administered by independent claims adjustment firms. Claim expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities are discounted at a 3% rate and are based, in part, upon the independent adjustment firms' estimate of reserves necessary for the settlement of outstanding claims and related administrative costs and included estimates of claims that have been incurred but not yet reported. Such reserves are reviewed by professional actuaries and are subject to periodic adjustments as conditions warrant.

Pursuant to a recent evaluation of District liabilities for workers' compensation, outstanding losses as of December 31, 2019 are projected to total $53,581,314 (undiscounted). The required reserves discounted 3% are $44,843,353. Ultimate District workers' compensation losses are limited to $4,000,000 self-insured retention per occurrence for the forecast periods and are estimated at $17,168,700 for Fiscal Year 2020-21 and $17,303,900 for Fiscal Year 2021-22. Outstanding losses for automobile and general liability are projected to be $7,167,509 (undiscounted). The required reserves discounted 3% are $6,805,516.

The District has also recently obtained cyber security insurance with an aggregate limit of $3 million subject to a $500,000 self-insurance retention.

See also Note 7 to the audited financial statements of the District included as Appendix B to this Official Statement.

Investment Policy

The investment of funds of BART is made in accordance with BART's investment policy, developed by BART's Controller/Treasurer and approved by the Board of Directors on May 16, 2017 (the "Investment Policy"), and Section 53600 et seq. of the California Government Code. The Investment Policy is subject to revision by the Controller/Treasurer, subject to approval by the Board of Directors, at any time and is reviewed periodically to ensure compliance with the stated objectives of safety, liquidity, yield and current laws and financial trends.

All funds of BART and investment activities are governed by the Investment Policy, which sets forth the following primary objectives, in order of priority:

1. Preservation of capital - The investment portfolio should be structured to minimize the probability of a loss of principal value through adequate diversification of investments across a variety of security offerings, maturities, and financial institutions.

2. Liquidity – Funds shall be invested only until date of anticipated need or for a lesser period. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

3. Yield – generation of the best available return on investment without compromise of the first two objectives.

See Appendix C—"SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY."

Set forth in the below table are the carrying values and types of investment securities in BART's General Fund as of June 30, 2020.

INVESTMENT DISTRIBUTION
as of June 30, 2020

Certificates of Deposit	$882,112
Cash on Hand and in Bank	234,718,150
Investments – Foreign Obligations	84,650,980
Investments – Treasury Bonds & Notes	159,777,728
Total	$480,028,970

Source: District.

As of June 30, 2020, the average duration of the District's investments (average days to maturity) was 73 days.

All amounts deposited in the Interest and Sinking Fund and the Project Fund established in connection with the outstanding general obligation bonds are invested at the direction of the District in Investment Securities as such term is defined in the applicable trust agreement entered into by the District in connection with the general obligation bonds. Investment Securities include guaranteed investment contracts.

All amounts held by the trustee for the Sales Tax Revenue Bonds in the funds and accounts established under the indenture pursuant to which such obligations were issued are invested at the direction of the District, subject to certain limitations contained in the applicable indenture.

Labor Relations and Employee Retirement Benefits

The information concerning the California Public Employees' Retirement System ("CalPERS") set forth below is excerpted from publicly available sources which the District believes to be accurate, but the District cannot and does not guarantee such information as to accuracy and completeness. CalPERS should be contacted directly at CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, California 95814, Telephone: (888) 225-7377 for other information, including information relating to its financial position and investments.

Employee and Labor Relations. As of July 1, 2020, the District has 4,246 employees, of which 4,148 are full-time and 98 are part-time.

Most District employees are represented by recognized employee organizations. Station agents, train operators, foreworkers, and certain clerical employees are represented by the ATU, Local 1555. Maintenance workers, foreworkers, professional employees, and the majority of clerical employees, are represented by the Service Employees International Union ("SEIU"), Local 1021. Supervisors and professionals are represented by the American Federation of State, County and Municipal Employees ("AFSCME"), Local 3993. In addition, BART police officers and non-managerial civilian staff of the BART Police Department are represented by the BART Police Officers Association ("BPOA"), and police managers below the rank of Deputy Chief are represented by the BART Police Managers Association ("BPMA"). In 2016, the District and ATU, SEIU and AFSCME entered into agreements to extend their respective collective bargaining agreements ("CBAs") to June 30, 2021. Other than modest annual wage increases, the contract terms in effect before each respective extension remained unchanged.

The District has taken steps to control rising pension and healthcare costs. In 2019, the District and ATU, SEIU and AFSCME modified their existing agreements to require employees to pay their full pension contribution (plus an additional one percent share) and receive a corresponding wage offset. As of July 1, 2020, all employees represented by ATU, SEIU and AFSCME, as well as non-represented employees, will contribute 8% to their pensions. In addition, employee contributions to medical premiums have increased by 3% per year, along with continuation of the additional employee premium contribution of $37 per month. Employees will continue to be eligible each year to receive a lump sum payment of $500 for each 1% that ridership increases above the District's Short Range Transit plan ridership forecast, up to a maximum of $1,000; however, such ridership increase payment will not be made if the pension costs increase by more than 16%, medical costs increase by more than 10%, or if there is an extraordinary unplanned expense exceeding 2.5% of the District's operating budget. In Fiscal Year 2019-20, ridership levels were such that no lump sum payment was owed.

In 2018, the District and the BPOA and BPMA entered into new four-year CBAs that included the same modest general wage increases (2.5% to 2.75%) as the non-sworn unions, as well as increases in employee contributions toward their pensions. In addition, the BPOA agreement provided a one-time market wage adjustment to compensate for BART police officers' salaries having fallen significantly behind the relevant labor market. BART's CBAs with the BPOA and the BPMA will expire on June 30, 2022.

BART has generally enjoyed stable relations with its labor force, and expects to enjoy stability in its labor relations through at least June 30, 2021. BART experienced two strikes in 2013 for a total of eight days. Prior to 2013, BART had only experienced strikes in its early history in 1976 and 1979, and once again in 1997; BART had successfully negotiated a number of labor agreements with the unions in 2001, 2005 and 2009 without the employees resorting to strikes.

Plan Description. All eligible employees may participate in the appropriate Public Employees' Retirement Fund (the "Fund") administered by CalPERS under the Miscellaneous Plan or the Safety Plan of the District. The Safety Plan covers all sworn police officers of the District; all other District employees are covered by the Miscellaneous Plan. The Fund is a multiple-employer public sector employee defined-benefit retirement plan that acts as a common investment and administrative agent for approximately 2,889 local public agencies and school districts within the State of California, including the District. The Fund provides retirement, disability and death benefits based on the employee's years of service, age and compensation. New employees hired on or after January 1, 2013 whose benefits are limited by PEPRA under the Miscellaneous Plan, vest after five years of service and may receive retirement benefits starting at age 52. Under PEPRA, employees hired prior to January 1, 2013, also referred to as "classic" employees, and employees under the Safety Plan, vest after five years of service and may receive retirement benefits starting at age 50. These benefit provisions and all other requirements are established by State statute and District contractual agreements. Legislation was enacted in the State which exempted most District employees from the provisions of pension reform, at least as an interim measure pending the resolution of a dispute with DOL. The temporary exemption expired on December 30, 2014 and all transit employees became subject to PEPRA. See "BART FINANCINGS AND CAPITAL PROGRAMS – Funding Developments – *Pension Reform and Grant Funding*" herein.

Annual Actuarial Valuation Reports. In calculating the annual actuarially required contribution rates, the CalPERS actuary calculates, on the basis of certain assumptions, the actuarial present value of benefits that CalPERS expects to fund under the CalPERS Plans, which includes two components, the normal cost and the unfunded actuarial accrued liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that CalPERS expects to fund under the CalPERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions, including the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, calculation of the UAAL involves certain actuarial adjustments. As a result, prospective investors are encouraged to consider the UAAL as an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS Plans to retirees and active employees upon their retirement, and not as a fixed or hard expression of the liability the District owes to CalPERS under the CalPERS Plans.

CalPERS uses the rate stabilization methodologies in its actuarial valuations which have been shown to be very effective in mitigating rate volatility. See Note 10 to the audited financial statements of the District included as Appendix B to this Official Statement for a summary of principal assumptions and methods used by CalPERS to determine the District's annual required contributions to the Miscellaneous Plan and Safety Plan.

CalPERS prepares an Annual Actuarial Valuation Report ("CalPERS Actuarial Report") for its members. The District receives an annual report for its Miscellaneous Plan and a separate annual report for its Safety Plan. The latest CalPERS Actuarial Reports were received by the District in July 2020, which were based on financial data available from the District and from various CalPERS databases as of June 30, 2019. These reports established the District's required minimum employer contribution rates for Fiscal Year 2021-22, which are 9.08% of covered payroll for the Employer Normal Cost and $56,666,712 for the Employer Payment of Unfunded Liability for the Miscellaneous Plan and 26.41% of covered payroll for the Employer Normal Cost and $12,672,395 for the Employer Payment of Unfunded Liability for the Safety Plan, before any cost sharing. Starting in Fiscal Year 2017-18, CalPERS changed the employer rate from a percentage of payroll to a percentage of payroll for the normal cost and a flat dollar amount for payment of the unfunded liability. The reports also included for District's Miscellaneous and Safety Plans the latest Schedule of Funding Progress, which shows a five-year history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of unfunded actuarial accrued liability to payroll, as discussed herein below. The employer contribution rates for new PEPRA employees will continue to be the same rates as classic employees.

The following chart lists the District's employer required contribution rates for Fiscal Years 2021-22, 2020-21, 2019-20, and 2018-19.

Contribution Rates

Valuation Date	Fiscal Year	Employer Rate for Miscellaneous	Employer Rate for Safety
6/30/19	2021-2022	9.08% + $56,666,712	26.41% + $12,672,395
6/30/18	2020-2021	9.381% + $48,571,632	28.301% + $10,608,953
6/30/17	2019-2020	8.803% + $42,667,155	26.689% + $9,507,012
6/30/16	2018-2019	8.243% + $34,569,728	25.432% + $8,137,254

Funding Policy. CalPERS' funding policy for the Miscellaneous Plan and the Safety Plan (hereinafter sometimes referred to as the "CalPERS Plans") requires periodic contributions by the District based on CalPERS actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by contractual agreements between the District and its unions. The individual entry age normal method is used to determine the normal cost. There are two components to this cost: the employer cost and the employee cost. District payment for the employer portion of the contributions for the Miscellaneous Plan and the Safety Plan is to cover normal cost and to amortize the unfunded actuarial accrued liability.

The District, in compliance with its CBAs, also reimburses "classic" employees as defined by CalPERS for all or a portion of the employee share of the pension contributions, which are 9% for public safety personnel and 7% for miscellaneous covered employees. The most recent CBAs require the District to reimburse represented "classic" miscellaneous employees of ATU, SEIU, and AFSCME, for their contributions, effective on July 1, 2013 in the amount of 6.50%, effective on January 1, 2014 in the amount of 6%, effective January 1, 2015 in the amount of 5%, effective January 1, 2016 in the amount of 4% and effective January 1, 2017 in the amount of 3%. On September 12, 2019, the Board approved a contract amendment, which decreased the District's pension contributions. Effective July 1, 2019, the District contributed 1%. Effective January 1, 2020, the District will no longer make contributions towards the employee's share of pension contributions. Effective July 1, 2020, both Classic and PEPRA employees will contribute 1% towards the employer's pension contribution. Contributions for nonrepresented miscellaneous employees will be made at the same level but effective six months later in conjunction with their wage increases. Since July 1, 2019, wage and pension contribution increases occur at the same time as represented employees. With the latest CBAs for represented BPOA and BPMA employees, they will continue to be reimbursed for their contributions. However, for BPOA-miscellaneous and BPMA represented employees, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3% and effective January 1, 2017 in the amount of 4%. For BPOA-Safety Classic employees, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3%, effective January 1, 2017 in the amount of 4%, effective December 17, 2018 in the amount of 7%, effective the first full pay period after July 1, 2019 in the amount of 8%, effective the first full pay period after July 1, 2020 in the amount of 9% and effective the first full pay period after July 1, 2021 in the amount of 10%. For BPOA-Safety PEPRA employees, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3%, effective January 1, 2017 in the amount of 4%, effective December 17, 2018 in the amount of 3%, effective the first full pay period after July 1, 2019 in the amount of 2%, effective the first full pay period after July 1, 2020 in the amount of 1% and effective the first full pay period after July 1, 2021 in the amount of 0%. Contributions for non-represented safety employees will be made at the same level as BPMA but effective 6 months later in conjunction with their wage increases.

Under PEPRA, effective January 1, 2013, "new" employees as defined by CalPERS and PEPRA who are not represented must contribute one-half of the total normal cost. The contribution rate is 13% for safety personnel and 6.25% for miscellaneous employees. Effective July 1, 2019, the contribution rate was 13.75% for safety personnel and 7% for miscellaneous employees. Effective July 1, 2019, wage and pension contribution increases will occur at the same time as represented employees. Effective July 1, 2020, the contribution rate for safety personnel is 14.75% and the rate for miscellaneous employees remains the same. Effective July 1, 2021, the contribution rate for safety personnel will be 14.25% and the rate for miscellaneous employees will remain the same. State law temporarily exempted represented transit employees from these contributions; however, commencing on December 30, 2014, new represented employees began contributing at the PEPRA rate.

Schedule of Funding Progress. The funding status applicable to the District's CalPERS Plans at June 30, 2019 (the most current information available for the plans) is summarized as follows:

Funded Status of the Miscellaneous Plan
(in thousands of dollars)[1]

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status (Actuarial Value)	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/17	$2,305,983	$1,751,505	$554,478	76.0%	$299,427	185.2%
6/30/18	$2,501,597	$1,855,353	$646,244	74.2%	$322,955	200.1%
6/30/19	$2,618,173	$1,940,360	$677,814	74.1%	$356,401	190.2%

[1] Dollars reflect rounding.
Sources: CalPERS Annual Valuation Report as of June 30, 2019.

Funded Status of the Safety Plan
(in thousands of dollars)[1]

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status (Actuarial Value)	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/17	$326,419	$198,777	$127,643	60.9%	$20,252	630.3%
6/30/18	$356,999	$213,949	$143,051	59.9%	$20,412	700.8%
6/30/19	$381,943	$227,017	$154,926	59.4%	$22,371	692.5%

[1] Dollars reflect rounding.
Sources: CalPERS Annual Valuation Report as of June 30, 2019.

CalPERS is continuing to implement strategies to improve the long-term health of the pension fund and approved in 2016 a decrease in the discount rate assumed for future investment returns from 7.5% to 7%. This change will significantly increase the District's future contributions and together with other measures implemented are projected to require contributions by the District within ten years of more than double of the current contribution amounts. Such forecasts are subject to many variables and cannot be predicted with certainty.

Irrevocable Supplemental Pension Trust. On March 28, 2019, the Board adopted a Pension Funding Policy and authorized the Controller-Treasurer to establish a District-controlled IRS Section 115 Irrevocable Supplemental Pension Trust. The Trust was established in February 2020 and the assets in the Trust are to be held for the sole and exclusive purpose of making pension payments. Payments can include paying down pension liability or making regular pension payments when required payments exceed the budgeted projections. Assets placed into the Trust cannot be used for any other purpose and are not available to satisfy general creditors of the District. The District has contributed $10 million in Fiscal Year 2018-19 and plans to add an additional $10 million in Fiscal Year 2019-20. The District intends to continue to add to the Trust over the next ten years. Total contribution over the ten-year period would be $100 million ending in Fiscal Year 2028-29.

Money Purchase Pension Plan

Most District employees participate in the Money Purchase Pension Plan ("MPPP"), which is a supplemental retirement defined contribution plan under Internal Revenue Code Section 401(a). The District's total expense and funded contribution for this plan for the Fiscal Years 2018-19 and 2017-18 were $11,964,000 and $10,962,000, respectively. The MPPP assets at June 30, 2019 and 2018 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were $342,381,000 and $336,394,000, respectively. As of June 30, 2019, there were approximately 334 (219 in 2018) participants receiving payments under this plan. For additional information regarding MPPP, see Note 11 to the audited financial statements of the District included as Appendix B to this Official Statement.

Other Postretirement Benefits

Postretirement Health Care Costs. In addition to the retirement benefits described above and as specified in the District's contractual agreements, the District provides postretirement health care benefits assistance to employees. Most employees who retire directly from the District (or their surviving spouses) are eligible if the employee retires from the District at or after age 50 with a minimum of 5 years of CalPERS service (which may be with another public entity) and elects to take an annuity from CalPERS within 120 days of leaving the District. ATU, SEIU, AFSCME, and non-represented employees first hired on or after January 1, 2014, BPOA employees first hired on or after July 1, 2014, and BPMA employees first hired on or after January 1, 2015 will be required to have 15 years of District service in order to receive the full contribution.

Retiree Health Benefit Trust. In 2004, the Government Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"). GASB 45 required the District to change its accounting for other postemployment benefits ("OPEB") from pay-as-you-go to an accrual basis. Pursuant to Section 53620 of the California Government Code, a local agency may create a trust to fund postretirement health benefits. The assets of such a trust will qualify as an offset against liability under GASB 45. On May 18, 2004, the District created the Retiree Health Benefit Trust for the San Francisco Bay Area Rapid Transit District (the "Health Benefit Trust") in order to provide a vehicle for prefunding portions of retiree health benefits. Pursuant to the terms of the Health Benefit Trust, the assets of the Health Benefit Trust are to be held for the sole and exclusive purpose of providing benefits to participants and beneficiaries and to defray the reasonable expenses of administering the Health Benefit Trust and designated plans. Assets placed into the Health Benefit Trust cannot be used for any other purposes and are not available to satisfy general creditors of the District. The Health Benefit Trust is administered by a trustee appointed by the Board of Directors. The current trustee is the Controller/Treasurer of the District.

Pursuant to a Bartel Associates, LLC report dated May 14, 2020, entitled "Retiree Healthcare Plan, June 30, 2019 Actuarial Valuation" and report dated July 6, 2020 entitled "Retiree Life Insurance, June 30, 2019 Actuarial Valuation" (the "Bartel Report"), 2,430 retirees and surviving spouses are provided retiree medical benefits. The District made payments on an actuarial basis totaling $39,511,000 (including subsidy valued at $4,306,000) in Fiscal Year 2019 and $35,569,000 (including subsidy valued at $4,196,000) in Fiscal Year 2018 and life insurance premiums amounting to $821,000 (including subsidy valued at $679,000) in Fiscal Year 2019 and $679,000 (including subsidy valued at $547,000) in Fiscal Year 2018.

At June 30, 2019, net assets (unaudited) held in the Health Benefit Trust included money market mutual funds, U.S. Treasury obligations, corporate obligations, foreign obligations, domestic common stocks, equity mutual funds, and foreign stocks with a fair market value of approximately $340,470,000.

Funding projections are based on the Bartel Report, the most recent actuarial analysis prepared for the District. These funding projections are based on certain assumptions and are inherently subject to a variety of risks and uncertainties, including increases in the cost and duration of health care benefits, which could cause actual results to differ materially from those that have been projected. Pursuant to its labor agreements, effective January 1, 2010, the District's contribution toward medical coverage was limited to the highest Bay Area HMO rate under CalPERS (Blue Shield or Kaiser) minus the applicable retiree contribution. The actuarial accrued liability ("AAL") as of June 30, 2019 is estimated at approximately $603.7 million. The report also contained projected per capita claims cost updates based on Calendar Years 2018 and 2019 CalPERS premiums.

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The following is the summary of results of the valuation. The Bartel Report employed different actuarial assumptions than prior actuarial valuations, including mortality improvement, inflation based on the plan's long-time horizon, age-based claims based on Society of Actuaries publications, and participation and coverage based in part on plan experience. Such assumptions contributed to an increased actuarial liability between the June 30, 2018 actuarial valuation date and the June 30, 2019 actuarial valuation date.

Funded Status of the Retiree Healthcare Plan
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Projected Covered Payroll* (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2017	$270,151	$573,941	$303,790	47.1%	$326,941	92.9%
6/30/2018	$305,850	$587,896	$282,046	52.0%	$362,428	77.8%
6/30/2019	$340,470	$603,787	$263,317	56.4%	$385,327	68.3%

* The projected covered payroll is calculated out two years from the date of the actuarial valuation date.
Source: Bartel Report dated May 14, 2020.

Life Insurance and Survivor Benefits. Additional benefits include providing BART employees with certain life insurance benefits after retirement. For survivor benefits, if an employee elects such benefits upon employment, the employee makes a monthly contribution and, upon the employee's death, the employee's survivors receive certain medical, dental and vision benefits. The Board has approved setting up a trust to hold such employee contributions but currently such benefits are provided on a pay-as-you-go basis by the District. See Note 12 to the audited financial statements of the District included as Appendix B to this Official Statement.

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APPENDIX B

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT

Annual Financial Report

For the Years Ended June 30, 2019 and 2018

Certified Public Accountants

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
ANNUAL FINANCIAL REPORT
For the Years Ended June 30, 2019 and 2018

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MGO Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the San Francisco
Bay Area Rapid Transit District
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund and the Retiree Health Benefit Trust Fund of the San Francisco Bay Area Rapid Transit District (the District) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Retiree Health Benefit Trust Fund of the District as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of employer pension contributions, the schedule of changes in net other postemployment benefit (OPEB) liability and related ratios, and the schedule of employer OPEB contributions identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 26, 2019

Introduction

The following discussion and analysis of the financial performance and activity of the San Francisco Bay Area Rapid Transit District (the District) provide an introduction and understanding of the basic financial statements of the District for the years ended June 30, 2019 and 2018. This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The District is an independent agency created in 1957 by the legislature of the State of California for the purpose of providing an adequate, modern, interurban mass rapid transit system in the various portions of the metropolitan area surrounding the San Francisco Bay. The District started its revenue operations in September 1972. It presently owns a 121-mile, 48-station system serving the four counties of Alameda, Contra Costa, San Francisco and San Mateo. The governance of the District is vested in a Board of Directors composed of nine members, each representing an election district within the District.

The Financial Statements

The basic financial statements provide information about the District's Enterprise Fund and the Retiree Health Benefit Trust. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

Overview of the Enterprise Fund Financial Statements

The *Statements of Net Position* reports assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference as *net position*. The entire equity section is combined to report total *net position* and is displayed in three components **-** *net investment in capital assets; restricted net position; and unrestricted net position*.

The net position component *net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvements of those assets.

Restricted net position consists of assets where constraints on their use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. This net position component includes net position that has been designated by management for specific purposes, which in the case of the District include allocations to fund capital projects, and other liabilities, which indicate that management does not consider them to be available for general operations.

The *Statements of Revenues, Expenses and Changes in Net Position* consist of operating and nonoperating revenues and expenses based upon definitions provided by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended by GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. Accordingly, significant recurring sources of the District's revenues, such as capital contributions, are reported separately, after nonoperating revenues and expenses.

Statements of Cash Flows are presented using the direct method and include a reconciliation of operating loss to net cash used in operating activities.

Financial Highlights

In fiscal year 2015, the District implemented required changes to accounting and reporting for pensions. In 2017, the District also implemented required changes in accounting and reporting for OPEB.

Condensed Statements of Revenues, Expenses and Change in Net Position

A summary of the District's Statements of Revenues, Expenses and Change in Net Position for fiscal years 2019, 2018 and 2017 is as follows (dollar amounts in thousands):

	2019	2018	2017
Operating revenues	$ 554,684	$ 546,614	$ 547,100
Operating expenses, net	(998,174)	(992,816)	(908,065)
Operating loss	(443,490)	(446,202)	(360,965)
Nonoperating revenues, net	457,632	410,173	365,962
Capital contributions	204,176	233,728	342,270
Special item	-	(20,486)	-
Change in net position	218,318	177,213	347,267
Net position, beginning of year, as restated	6,551,834	6,374,621	6,027,354
Net position, end of year	$ 6,770,152	$ 6,551,834	$ 6,374,621

Operating Revenues

In fiscal year 2019, operating revenues increased by $8,070,000 primarily attributable to the net increase of $6,372,000 in advertising revenue from the District's share of a one-time sign-up bonus of $8,442,000 received from the new franchisee, Outfront Media, in fiscal year 2019. This was offset partially by slightly lower monthly guaranteed payment received under the new contract compared to those received from the previous franchisee. The new franchisee predicts higher revenue share payments to the District will occur in the future if transition from traditional advertising platform to the digital advertising platform is successful. Passenger fares increased slightly by $869,000 in the current fiscal year due to a full year impact of fare changes made effective January 2018, offset by a decline in ridership. Average weekday trips were 410,774 in fiscal year 2019 compared to 414,166 average weekday trips in fiscal year 2018, a decrease of 0.8%. Total passenger trips in fiscal year 2019 also declined by 2.0% from 120,600,000 passenger trips in fiscal year 2018 to 118,104,000 passenger trips in fiscal year 2019. Parking revenue increased by $850,000 primarily from a full year operation of the eBART Antioch and East Pittsburg Center stations in fiscal year 2019 compared to 1 month in fiscal year 2018.

In fiscal year 2018, operating revenues decreased slightly by $486,000. Passenger fares decreased by $3,891,000 in the current fiscal year due to a 2.2% decline in average weekday trips from 423,395 average weekday trips in fiscal year 2017 to 414,166 average weekday trips in fiscal year 2018. Total passenger trips in fiscal year 2018 declined by 2.9% from 124,200,000 passenger trips in fiscal year 2017 to 120,600,000 passenger trips in fiscal year 2018. The decrease in passenger fares in fiscal year 2018 were offset mainly by (1) increase of $1,054,000 in parking revenue mainly from the full year operation of the Warm Springs Station in fiscal year 2018 compared to three months in fiscal year 2017, and from parking revenues generated in Antioch Station and eBART Pittsburg Center Station (eBART), which opened in May 2018; (2) increase of $1,773,000 in advertising revenue primarily from an increase in the minimum annual guaranteed amount per advertising agreement and from train wrap advertising; and (3) increase of $1,009,000 in fines and forfeitures due to an approved citation fee increase implemented in January 2017.

Operating Expenses, Net

In fiscal year 2019, net operating expenses increased by $5,358,000 primarily due to (1) an increase of $12,825,000 in net salaries and benefits from (a) an increase of $35,465,000 in employee wages from an additional 211 net positions hired in fiscal year 2019 and from wage increases per contractual labor agreements; (b) an increase of $1,244,000 in health insurance expense primarily due to an increase in the number of employees insured; (c) an increase of $10,017,000 in overtime primarily due to operational needs and from work related to capital projects that are done during non-business hours, which required occasional station closures and additional personnel to minimize disruptions or inconvenience to passengers; (d) an increase of $1,080,000 in net pension expense recognized based on an actuarially determined valuation under the GASB 68 requirement; (e) an increase of $1,966,000 in other benefits for costs of leave benefits earned, medicare contributions and other expenses that moved in tandem with an increase in wages; and offset by (f) net decrease of $5,890,000 in other postemployment benefit expenses associated with the adoption of GASB 75 which requires recognition of postemployment benefit expenses based on an actuarially determined valuation; and (g) a decrease in labor expenses of $31,057,000 from increase in labor reimbursements charged to capital grants; (2) a decrease of $12,438,000 in depreciation expense due to higher depreciation expense recognized in fiscal year 2018 which resulted from catch up depreciation related to the change in the estimated economic life of existing rail fleet; (3) an increase of $2,545,000 in miscellaneous expenses primarily due to election costs incurred for elections held in fiscal year 2019 and from penalties imposed by the California Public Utilities Commission for safety related incident; (4) lower expense recognized in the amount of $2,729,000 in inventory write-off; and (5) an increase of $4,840,000 in professional fees, feeder services and other operating expenses due to operational needs.

In fiscal year 2018, net operating expenses increased by $84,751,000 primarily due to (1) an increase of $59,956,000 in net salaries and benefits from (a) an increase of $25,630,000 in employee wages from an additional 227 net positions hired in fiscal year 2018 and from wage increases per contractual labor agreements; (b) an increase of $1,176,000 in health insurance expense due to an increase in the number of employees insured as well as a slight increase in insurance premium, offset by a 3.0% increase in employee contribution which started on January 1, 2018; (c) an increase of $12,783,000 in overtime primarily due to pre-opening work on the new eBART extension, which opened in May 2018, and from work related to capital projects that are done during non-business hours, which required occasional station closures and additional personnel to minimize disruptions or inconvenience to passengers; (d) an increase of $41,412,000 in net pension expense recognized based on an actuarially determined valuation under the GASB 68 requirement; (e) an increase of $4,834,000 in other benefits for costs of leave benefits earned, medicare contributions and other expenses that moved in tandem with an increase in wages; and offset by (f) a net decrease of $2,757,000 in other postemployment benefit expenses associated with the adoption of GASB 75 which requires recognition of postemployment benefit expenses based on an actuarially determined valuation; (g) no lump sum payment was due in fiscal year 2018 which resulted in a savings of $1,785,000; (h) a decrease in labor expenses of $21,337,000 from an increase in labor reimbursements charged to capital grants; (2) an increase of $27,905,000 in depreciation expense primarily from catch up depreciation related to the change in the estimated economic life of existing rail fleet; (3) a decrease of $3,011,000 in miscellaneous expenses primarily due to election expenses and settlements related to safety issues incurred in fiscal year 2017; (4) an increase of $1,094,000 in traction power due to higher transmission costs, offset by lower price of electricity; (5) a decrease of $1,042,000 in rent expense due to one time savings from discounted rent for the Lakeside lease and ongoing rent savings due to the purchase of the Metro Center building; (6) a decrease of $3,823,000 in uninsured public liability insurance due to a catch up made in fiscal year 2017 to shore up the self-insured reserves to align with the actuarial valuation; (7) an increase of $5,674,000 in provision for obsolete inventories; and (8) a decrease of $3,250,000 in professional and technical services mostly from reductions in escalator and elevator repairs and strategic maintenance related expenses.

Nonoperating Revenues, Net

In fiscal year 2019, nonoperating revenues, net, increased by $47,459,000 primarily from (1) an increase of $2,074,000 in property tax revenue earmarked based on required debt service payments for the General Obligation Bonds; (2) an increase of $2,385,000 in property tax revenue for general operations due to a continued unprecedented rise in property valuations in the San Francisco Bay Area; (3) an increase of $22,503,000 or about 8.0% in sales tax revenue provided by the strong economy in the San Francisco Bay Area; about $9,200,000 of this increase is from a delayed remittance by the State of sales tax applicable to fiscal year 2018; (4) an increase of $7,249,000 in interest income due to higher interest rates earned from investments; (5) an increase of $11,843,000 in State Transit Assistance (STA) revenue partially attributable from the passage of Senate Bill 1 (SB1) which provided new formula-based funding for public transit; (6) an increase in net other revenue of $885,000 due to a decrease in bond issue cost since no new bonds were issued in fiscal year 2019; (7) an increase in net other revenue due to a decrease of $1,714,000 in interest expense; and offset by (8) a decrease of $486,000 in revenue from the Low Carbon Fuel Standard Program Revenue due to a decrease in the quantity of low carbon system credits sold in fiscal year 2019 compared to fiscal year 2018; and (9) a decrease of $433,000 in federal financial assistance recognized in fiscal year 2019.

In fiscal year 2018, nonoperating revenues, net, increased by $44,211,000 primarily from (1) an increase of $15,976,000 in property tax revenue earmarked based on required debt service payments for the General Obligation Bonds; (2) an increase of $4,079,000 in property tax revenue for general operations due to a continued rise in property valuations in the San Francisco Bay Area; (3) an increase of $10,697,000 or about 4.3% in sales tax revenue provided by the strong economy in the San Francisco Bay Area; (4) an increase of $8,341,000 in interest income due to higher interest rates earned from investments; (5) an increase of $4,170,000 due to a decrease in debt issuance expense since there was only a single bond issuance in fiscal year 2018 compared to three bond issuances in fiscal year 2017; (6) an increase of $52,548,000 in net non-operating revenue due to non-payment of contribution to MTC for BART car replacement program in fiscal year 2018 since there were no preventive maintenance grants received in fiscal year 2018; and offset by (7) a decrease of $22,333,000 in operating financial assistance principally from (a) a decrease of $ 57,783,000 in federal financial assistance primarily due to an absence of $56,548,000 in preventive maintenance grants received in fiscal year 2017; offset by (b) an increase of $16,690,000 in STA revenue partially attributable from the passage of Senate Bill 1 (SB1) which provided new formula-based funding for public transit and the receipt of $6,102,000 in STA grant funds dedicated for "state of good repair"; and (c) an increase of $18,417,000 from the sale of low carbon fuel system credits; (8) a decrease of $4,423,000 due to an increase in interest expense principally from the full year recognition of interest expense on the Measure RR bonds which were issued in June 2017; and (9) a decrease of $24,839,000 due to a gain from exchange of property recognized in fiscal year 2017 and none in the current fiscal year.

Capital Contributions

The revenues from capital contributions relate to grants and other financial assistance received by the District from federal, state and local agencies to fund capital projects. The District receives mostly reimbursement-type grants of which the District has to first incur eligible costs under the provider's program before qualifying for the grant resources. Revenues from capital contributions are recognized at the time when the eligible project costs are incurred.

In fiscal year 2019, revenue from capital contributions decreased by $29,552,000 primarily from (1) a net decrease of $19,517,000 in funding from the Department of Homeland Security (DHS) mostly for the Transition Barrier and CCTV projects; (2) a decrease of $10,396,000 in funding utilized from Proposition 1 B funds mostly due to lower expenditures related to Station Modernization projects, Train Control, Balboa

Westside and Richmond East Station Intermodal projects; (3) a decrease of $5,275,000 in High Speed Rail funds due to the full utilization of available grant funds; (4) a decrease of $1,190,000 in funds received from the State Water Resources Control Board as remaining grant funds are fully expended for the Lafayette Parking project; (5) a decrease of $2,151,000 in funds received from State TCRP grant funds due to the completion of the Warm Springs Extension Project and full utilization of grant funds allocated to the Livermore Extension project; (6) a decrease of $10,031,000 from the Valley Transportation Authority (VTA) for expenses incurred related to the Hayward Maintenance Complex project; (7) a decrease of $13,435,000 in revenue from MTC Regional Measure 2 due to completion of both the eBART and Warm Springs Extension; (8) a decline of $2,417,000 in revenue recognized from the grant received from the Alameda County Transportation Commission (ACTC) Measure F for the Berkeley Station Plaza Improvement; (9) a decrease of $2,634,000 in grants received from the East Contra Costa Transportation Regional Fee and Financing Authority (ECCRFFA) due to the winding down of activities for the eBART Extension; (10) a decrease of $2,347,000 in revenue received from the San Francisco Municipal Transportation Agency (SFMTA) due to reduced joint use related maintenance activities; (11) a decrease of $1,497,000 in Proposition K funds received from the San Francisco County Transportation Authority for the Balboa Eastside Improvement project primarily due to a reduction in project activity charged to the grant as funding is utilized in full; and offset by (12) an increase of $12,179,000 in revenue recognized from the State Low Carbon Transit Operations Program (LCTOP) as funds received in fiscal year 2016, 2017 and 2018 were utilized during the year for the acquisition of rail cars; (13) an increase of $10,247,000 in funding received from State Transportation Assistance - State of Good Repair (STA-SGR) funds spent for the acquisition of rail vehicles; (14) an increase of $8,314,000 in grant revenue generated from the State Proposition 1B Security Funds spent for the Transition Barrier and CCTV projects; (15) an increase of $9,665,000 in MTC Bridge Toll AB 664 funds expended for the acquisition of rail vehicles; and (16) an increase of $1,000,000 for funds received from the West Contra Costa Transportation Advisory Committee (WCCTAC) for the El Cerrito Del Norte Gateway project.

In fiscal year 2018, revenue from capital contributions decreased by $108,542,000 primarily from (1) a net decrease of $2,466,000 in funding from the Alameda County Transportation Commission (ACTC) Measure B as project expenses for the Warm Springs Extension (Warm Springs) continued to wind down due to completion of the extension in March 2017, offset by an increase in expenditures for the Livermore Extension which was discontinued in the current fiscal year (see Note 4); (2) a decrease of $21,422,000 in funding received from the East Contra Costa Transportation Regional Fee and Financing Authority (ECCRFFA) due to the completion of eBART; (3) a decrease of $41,822,000 in Regional Measure funds received from MTC primarily due to the winding down of expenses incurred for eBART and Warm Springs; (4) a net decrease of $6,300,000 in Bridge Toll funds received for expenses incurred associated with the Livermore Extension and other miscellaneous projects, offset by an increase in grants received for eBART; (5) a decrease of $17,756,000 in grants received from Valley Transportation Authority (VTA) for the Hayward Maintenance Complex Project (HMC); (6) a decrease of $1,562,000 in grants received from Union City for the Union City Intermodal Project; (7) a decrease of $2,780,000 from funds received from Sprint due to completion of the Radio System Re-banding Project in the previous year; (8) a net decrease of $9,877,000 received from the High Speed Passenger Train Bond Funds due to a decrease in amount expended for HMC offset by an increase in project costs incurred for the Rail Car Procurement Project; (9) net decrease of $26,433,000 received from the FTA; and offset by (10) a net increase of $4,673,000 in Measure J funds received from the Contra Costa Transportation Authority (CCTA) principally for the El Cerrito Del Norte Gateway and the Concord Intermodal Project; offset by decrease in funding for eBART which was completed in May 2018; (11) an increase of $2,069,000 from ACTC Measure F for the Berkeley Plaza Improvement Project; (12) a net increase of $1,838,000 in San Francisco County Transportation Authority Proposition K funds received for the Balboa Eastside Improvement Project; (13) a net increase of $3,527,000 in Proposition 1B Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds received attributable primarily for expenses incurred in various stations modernization projects; (14) an increase of $8,001,000 in funds received from the Department of

Homeland Security (DHS) and from the State's Proposition 1B Security grants for various security related projects; and (15) an increase of $1,572,000 in funds received from the State Water Resources Control Board for the Lafayette Parking project.

The major additions in fiscal years 2019 and 2018 to capital projects are detailed on page 11.

Special Item

There was no special item in fiscal year 2019.

The special item reported in fiscal year 2018 is related to the project costs, excluding the cost of land acquired, incurred through June 30, 2018, associated with the proposed Livermore Extension. At the May 24, 2018 Board meeting, the BART Board voted not to advance the Proposed Conventional BART Extension to Livermore. The Board also voted to not advance the DMU/EMU Alternative, Express Bus/BRT Alternative or the Enhanced Bus Alternative. The cumulative costs of the Livermore Extension Project associated with conceptual engineering and project level environment impact report incurred through June 30, 2018, which amounts to $20,486,000, were written off and recognized as a special item loss from discontinued project (see Note 4).

Condensed Statements of Net Position

A comparison of the District's *Statements of Net Position* as of June 30, 2019, 2018 and 2017 is as follows (dollar amounts in thousands):

	2019	2018	2017
Current assets	$ 1,298,040	$ 1,589,289	$ 1,744,906
Noncurrent assets - capital assets, net	8,415,023	7,960,289	7,710,216
Noncurrent assets - other	12,779	12,179	26,479
Total assets	9,725,842	9,561,757	9,481,601
Deferred outflow of resources	209,600	250,274	180,037
Current liabilities	369,751	365,685	383,995
Noncurrent liabilities	2,705,413	2,824,587	2,862,106
Total liabilities	3,075,164	3,190,272	3,246,101
Deferred inflow of resources	90,126	69,925	40,916
Net position			
Net investment in capital assets	6,840,499	6,586,781	6,426,653
Restricted	191,394	156,387	190,612
Unrestricted (deficit)	(261,741)	(191,334)	(242,644)
Total net position	$ 6,770,152	$ 6,551,834	$ 6,374,621

Current Assets

In fiscal year 2019, current assets decreased by $291,249,000 primarily from (1) a decrease of $62,285,000 in cash equivalents and investments held from the proceeds of the Measure AA General Obligation Bonds (GOB-AA) for payments of seismic upgrade related expenses, offset by an increase of $9,534,000 in funds set aside for debt service; (2) a decrease of $190,279,000 held in cash equivalent and investments from the proceeds of the 2017 Measure RR General Obligation Bonds (GOB-RR) for payments of various project expenses, offset by an increase of $2,904,000 in funds set aside for debt service; (3) a decrease of $38,522,000 in cash and cash equivalents and investments due to timing of payment of vendor invoices; (4) decrease of $26,805,000 in grants receivable due to timing of incurring costs funded by grant funds and collection of the receivables; and offset by (5) an increase of $1,638,000 from funds held by the Trustee for debt service of outstanding sales tax revenue bonds; and (6) an increase of $11,590,000 in inventory balance primarily for spare parts received for the new rail vehicles both for eBART and the core system.

In fiscal year 2018, current assets decreased by $155,617,000 primarily from (1) a decrease of $95,206,000 in cash and cash equivalents and investments held from the proceeds of the Measure AA General Obligation Bonds (GOB-AA) for payments of seismic upgrade related expenses; (2) a decrease of $76,890,000 held in cash and cash equivalents and investments from the proceeds of the 2017 Measure RR General Obligation Bonds (GOB-RR) for payments of various project expenses; (3) a decrease of $37,440,000 from funds held by the Trustee for debt service of GOB-RR ($19,062,000) and outstanding sales tax revenue bonds ($22,067,000) due to utilization of funds set aside in a reserve fund for debt service, generated from issuance of the GOB-RR in fiscal year 2017, and primarily from absence of a need to set aside funds for debt service for the 2010 Sales Tax Revenue Refunding Bonds since those bonds were defeased in fiscal year 2018, offset by an increase in funds held for debt service of GOB-AA ($3,689,000); (4) a decrease of $5,657,000 in inventory balance primarily due to provision for obsolescence; and offset by (5) an increase of $37,805,000 in cash and cash equivalents and investments due to timing of payment of vendor invoices; (6) an increase of $15,647,000 in capital grants receivable due to timing in receiving the funds from the funding agencies and the amount of project expenses incurred that were required to be billed; (7) an increase of $5,343,000 in property tax receivables; and (8) an increase of $1,292,000 in interest receivables from investments held.

Noncurrent Assets - Other

In fiscal year 2019, noncurrent assets – other increased by $600,000 primarily from interest earnings on deposits and net credits received from budget settlement credited by Northern California Power Agency (NCPA) for the Lodi Energy Center.

In fiscal year 2018, noncurrent assets – other decreased by $14,300,000 primarily from maturity of long-term investments held in fiscal 2017. All investments held in the current fiscal year were classified as current assets.

Current Liabilities

In fiscal year 2019, current liabilities increased by $4,066,000 primarily due to (1) an increase of $10,704,000 in payables to vendors and contractors due to timing differences in receiving and settlement of invoices; (2) a decrease of $1,087,000 in payables to employees due to timing differences in the remittances of payroll taxes and benefits; (3) an increase of $3,513,000 in the accruals of compensated absences estimated to be paid in the following fiscal year; (4) a decrease of $928,000 in interest payable primarily due to reduction of $50,835,000 in the District's bond obligations; (5) a decrease of $50,835,000 in principal balances of outstanding Sales Tax Revenue and General Obligation Bonds for debt service payments made during the fiscal year; (6) an increase of $53,840,000 in current portion of outstanding balances of Sales Tax Revenue and General Obligation Bonds reclassified from long-term debt based on debt service schedules; and (7) a decrease of $11,438,000 in the estimated current portion of grants received in advance from Proposition 1 B funds received based on estimated project utilization.

In fiscal year 2018, current liabilities decreased by $18,310,000 primarily due to (1) a decrease of $3,116,000 in payables to vendors and contractors due to timing differences in receiving and paying of invoices; (2) an increase of $6,969,000 in payables to employees due to $1,500,000 increase in dental insurance reserves and timing differences in the remittances of payroll taxes and benefits; (3) an increase of $1,192,000 in the accruals of compensated absences estimated to be paid in the following fiscal year; (4) an increase of $2,887,000 in interest payable primarily due to five months accrual of interest on outstanding GOB-RR in fiscal year 2018 compared to one month accrual in fiscal year 2017; (5) a decrease of $77,130,000 in principal balances of outstanding Sales Tax Revenue and General Obligation Bonds for debt service payments made during the fiscal year; and (6) an increase of $50,835,000 in current portion of outstanding balances of Sales Tax Revenue and General Obligation Bonds reclassified from long-term debt based on debt service schedules.

Noncurrent Liabilities

In fiscal year 2019, noncurrent liabilities decreased by $119,174,000 principally from (1) a decrease of $2,088,000 in payables to employees due to timing in the utilization of accrued compensated absences; (2) a decrease of $19,860,000 in liabilities for OPEB primarily from a decrease in unfunded liability for the Retiree Health Benefit Program; (3) a decrease of $6,627,000,000 in net pension liability; (4) a reduction of $16,297,000 in balance of unamortized issue premium due to amortization recognized in fiscal year 2019; (5) a decrease of $3,005,000 in noncurrent balances of bonds payable due to the lower amount reclassified to current liability for Sales Tax Revenue and General Obligation Bonds in fiscal year 2019 ($53,840,000) compared to fiscal year 2018 ($50,835,000); (6) a decrease of $50,835,000 in principal balance of bond obligations due to debt service payment of Sales Tax Revenue Bonds and General Obligation Bonds; (7) a decrease of $25,951,000 in the noncurrent portion of advances from grantors as funds are expended on capital projects; (8) a decrease of $999,000 primarily due to amortization of prepayments received from long-term fiber optics contracts; and offset by (9) an increase of $2,820,000 in payables to vendors and contractors due to timing differences in receiving and paying of invoices; (10) an increase of $1,966,000 in unearned revenue for funds received from the San Mateo County Transit District (SamTrans), representing 2% of Measure A half-cent sales tax imposed in San Mateo County as part of the Tri-Party Financial Agreement associated with the operation of the SFO Extension (see Note 9); and (11) an increase of $2,647,000 in noncurrent portion of reserves required for workers compensation and general liability insurance.

In fiscal year 2018, noncurrent liabilities decreased by $37,519,000 principally from (1) a decrease of $1,230,000 in payables to vendors and contractors due to timing differences in receiving and paying of invoices; (2) a decrease of $457,000 in payables to employees due to timing differences in the utilization of accrued compensated absences; (3) a decrease of $3,959,000 in liabilities for OPEB primarily from a decrease in unfunded liability for the Survivor's Benefit Program; (4) an increase of $91,052,000 in net pension liability from a combination of factors including reduction in the discount rate used for the actuarial valuation from 7.65% in fiscal year 2017 to 7.15% in fiscal year 2018; (5) a net decrease of $4,902,000 in balance of unamortized issue premium from issuance of bonds that consisted of (a) an increase of $24,813,000 from the issuance of the 2017A Sales Tax Revenue Refunding Bonds; offset by (b) a decrease of $13,505,000 in the balance of unamortized bond issue premium due to reclassification to deferred interest associated with the defeased sales tax revenue bonds (see Note 6); and (c) a decrease of $16,211,000 for amortization of the bond issue premium in fiscal year 2018; (6) a net increase of $26,295,000 in noncurrent balances of bonds payable due to the lower amount reclassified to current liability for Sales Tax Revenue and General Obligation Bonds in fiscal year 2018 ($50,83,000) compared to fiscal year 2017 ($77,13,000); (7) a decrease of $305,070,000 in principal balance of bond obligations due to debt service payment and defeasance of Sales Tax Revenue Bonds and General Obligation Bonds, offset by increase of $185,505,000 from the issuance of the 2017A and 2017B Sales Tax Revenue Refunding Bonds; (8) a decrease of $27,422,000 in the noncurrent portion of advances from grantors as funds are expended on capital projects; (9) a decrease of $1,122,000 primarily due to amortization of prepayments received from long-term fiber optics contracts; (10) an increase of $1,794,000 in unearned revenue for funds received from San Mateo County Transit District (SamTrans), representing 2% of Measure A half-cent sales tax imposed in San Mateo County as part of the Tri-Party Financial Agreement associated with the operation of the SFO Extension (see Note 9); and (11) an increase of $2,556,000 in noncurrent portion of reserves required for workers compensation and general liability insurance.

Capital Assets

Details of capital assets, net of accumulated depreciation, as of June 30, 2019, 2018 and 2017 are as follows (dollar amounts in thousands):

	2019	2018	2017
Land and easements	$ 630,248	$ 631,156	$ 631,156
Stations, track, structures and improvements	5,261,744	5,206,092	4,883,453
Buildings	15,347	16,757	18,273
Revenue transit vehicles	265,153	133,156	98,523
Other	824,922	809,319	807,242
Construction in progress	1,417,609	1,163,809	1,271,569
Total assets	$ 8,415,023	$ 7,960,289	$ 7,710,216

The District's capital assets before depreciation and retirements showed a net increase of $664,516,000 and $490,599,000 in fiscal year 2019 and 2018, respectively. There were no major retirements on depreciable assets in both fiscal years 2019 and 2018. In fiscal year 2018, the District wrote-off the cumulative to date costs incurred associated with the Livermore Extension Project due to the Board's decision not to pursue the extension. The cumulative charges related to the Livermore Extension amounting to $20,486,000 as of June 30, 2018 were reclassified from construction in progress and recorded as a special item loss from discontinued project.

Additions in capital assets, net of costs written off associated with the Livermore extension, included capital expenditures for the acquisition and/or major improvements related to the following assets (dollar amounts in thousands):

	2019	2018	2017
Guideway	$ 344,327	$ 256,794	$ 278,871
Passenger stations	93,591	78,078	67,677
Maintenance & administration buildings	59,683	55,932	108,942
Revenue transit vehicles	132,941	55,209	45,023
Communication and information systems	26,401	13,737	11,934
Automatic fare collections and other equipment	7,573	10,363	12,769
	$ 664,516	$ 470,113	$ 525,216

Additions to Guideway and passenger stations included among others, the costs associated with (1) Transbay Tube Retrofit Project which is designed to ensure that the Transbay Tube remains structurally sound in the event of a very large and very rare earthquake; (2) additional costs related to the eBART Extension Project which opened on May 26, 2018, and for the Warm Springs Extension project, which opened on March 25, 2017; and (3) track replacement to improve overall service reliability. A significant portion of the additions to maintenance & administration buildings are related to the new Hayward Maintenance Complex, which is being constructed to accommodate the much larger and more technologically advanced new rail fleet. The additions to revenue transit vehicles are associated with the project cost to procure and replace the existing rail cars. At June 30, 2019, the District has received and conditionally accepted 80 new revenue transit vehicles.

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $2,999,189,000 and $2,898,000,000 at June 30, 2019 and 2018, respectively.

Long-Term Debt

The outstanding balance of total long-term debt (including current portion but excluding unamortized balance of bond premium/discounts) as of June 30, 2019, 2018 and 2017 are as follows (dollar amounts in thousands):

	2019	2018	2017
Bonds payable from and collateralized by a pledge of sales tax revenues	$ 506,135	$ 528,810	$ 595,060
General obligation bonds	809,660	837,820	891,135
	$ 1,315,795	$ 1,366,630	$ 1,486,195

Total long-term debt in fiscal year 2019 decreased by $50,835,000 due to (1) a decrease of $22,675,0000 due to principal payments of current outstanding Sales Tax Revenue Bonds; and (2) a decrease of $28,160,000 due to principal payments of current outstanding General Obligation Bonds.

Total long-term debt in fiscal year 2018 decreased by $119,565,000 due to (1) an increase of $185,505,000 from the issuance in December 2017 of the 2017A and 2017B Sales Tax Revenue Refunding Bonds; offset by (2) decrease of $227,940,000 in outstanding sales tax revenue bonds due to refunding from the proceeds of the 2017A and 2017 Sales Tax Revenue Refunding Bonds and from other District sources, consisting of the following: (a) full defeasance of $115,095,000 remaining outstanding balance of 2010 Sales Tax Revenue Refunding Bonds; (b) partial defeasance in the amount of $26,820,000 of the 2012A Sales Tax Revenue Refunding Bonds; and (c) partial defeasance in the amount of $86,025,000 of the 2012B Sales Tax Revenue Refunding Bonds; (3) a decrease of $23,815,000 due to principal payments of current outstanding Sales Tax Revenue Bonds; and (4) a decrease of $53,315,000 due to payment of current outstanding General Obligation Bonds.

Economic Factors and Next Year's Budgets

On June 13, 2019, the District's Board of Directors adopted a balanced operating budget of $947,254,000 and a capital budget of $1,419,947,000 for the fiscal year 2020 (FY20).

The FY20 budget for operating sources is $25,075,000 higher than the fiscal year 2019 (FY19) budget with projected sales tax revenue, property tax, STA, LCTOP, and Low Carbon Fuel Standard Program (LCFS) growth contributing to the increase despite declines in ridership and operating revenue. In FY19, total ridership declined year-over-year by 2.0% and was 1.4% below budget. The ridership forecast for FY20 reflects a decrease in weekday ridership, driven primarily by the first full year of the 5 AM system opening as part of the Transbay Tube Seismic Retrofit Project. Weekend ridership is also projected to decrease due to the continued downward trend of off-peak trips, impacts of the M Line 34.5 KV Cable project, and planned weekend shutdowns for track work. In order to address current capacity limitations and future increases in ridership due to the opening of SVBX, the District is continuing its capital investment in its aging rail vehicle fleet and infrastructure and expanding shop capacity.

The FY20 Adopted Budget supports the District's continued efforts to reinvest in the system and quality of life. However, limited funds were available for additional new programs as revenues are constrained due mainly to the continuing decline in ridership and associated passenger revenue, which comprises 88% of BART's total operating revenue. Sales tax revenue is estimated to increase by 4.6% ($12,378,000) in FY20 compared to the FY19 budget. Property tax revenue is budgeted to increase by 8.2% ($3,855,000) in FY20 compared to the FY19 budget due to continued rising property values stemming from the Bay Area's strong housing market. BART continues investment in infrastructure in FY20 at a level of self-help that is among the highest for a transit operator in the nation. Over the past five years, BART has reinvested over $600,000,000 of operating funds into critical projects such as new rail cars and station renovation. The FY20 Capital Budget also prioritizes reinvestment, with 69% of the $1,419,947,000 budget programmed to system reinvestment projects.

The current operating budget supplies critical funding to capital programs. In addition, BART's Board of Directors dedicated all incremental revenue generated from the 2014-2020 productivity-adjusted inflation-based fare increase program towards high priority capital projects, including the Rail Car Replacement Program, Hayward Maintenance Complex, and Train Control Modernization Program. In FY20, this amount is budgeted at $52,166,000. The FY20 operating budget includes $25,323,000 for "baseline" State of Good Repair allocation, which includes local match on capital grants, repair of buildings and facilities, and tools and equipment. The budget also includes the following smaller categories of allocations: $3,904,000 for stations and access improvements including station hardening, station brightening, and quality of life efforts. Additionally, in FY20, the District allocated over $18,000,000 to a variety of other uses, including fixed assets acquisition, pension stability, and sustainability. Despite these investments, the District must aggressively seek other funding sources to increase capital resources in order to maintain reliability. The BART Capital Improvement Program has identified a wide variety of system infrastructure funding needs.

A full $983,004,000 (69%) of capital expenditures in FY20 are directed to System Renovation including the New Rail Car Program, the Hayward Maintenance Complex, station modernization, replacement of train control system, traction power, trackway renovation and other capital projects. The Earthquake Safety Program, which represents 12% of the FY20 capital budget, will focus on the Transbay Tube Seismic Retrofit project. Other capital work on essential security upgrades, life safety improvements, service and capacity enhancements, and ADA/system accessibility improvements will also continue.

Contacting the District's Financial Management

The District's financial report is designed to provide the District's Board of Directors, management, investors, creditors, legislative and oversight agencies, citizens and customers with an overview of the District's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Rosemarie Poblete, Controller-Treasurer, at 300 Lakeside Drive, P.O. Box 12688, Oakland, California 94604.

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Enterprise Fund
Statements of Net Position
June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Assets		
Current assets		
Unrestricted assets		
Cash and cash equivalents	$ 253,015	$ 414,050
Investments	454,709	305,963
Government receivables	116,572	143,377
Receivables and other assets	35,257	31,159
Materials and supplies	51,118	39,529
Total unrestricted current assets	910,671	934,078
Restricted assets		
Cash and cash equivalents	250,362	375,812
Investments	135,110	274,381
Receivables and other assets	1,897	5,018
Total restricted current assets	387,369	655,211
Total current assets	1,298,040	1,589,289
Noncurrent assets		
Capital assets		
Nondepreciable	2,047,857	1,794,965
Depreciable, net of accumulated depreciation	6,367,166	6,165,324
Unrestricted assets		
Receivables and other assets	119	142
Restricted assets		
Receivables and other assets	12,660	12,037
Total noncurrent assets	8,427,802	7,972,468
Total assets	9,725,842	9,561,757
Deferred Outflows of Resources		
Losses on refundings of debt	20,131	21,806
Pension related		
Pension contribution subsequent to measurement date	77,215	68,202
Net differences between projected and actual earnings	4,588	24,812
Differences between actual and expected experience	10,532	3,529
Changes in assumptions	67,602	103,379
Other Post Employment Benefits related		
Differences between actual and expected experience	109	138
Net differences between projected and actual earnings	817	-
Changes of assumptions	28,606	28,408
Total deferred outflows of resources	209,600	250,274

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Enterprise Fund
Statements of Net Position, continued
June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Liabilities		
Current liabilities		
Accounts payable and other liabilities	$ 249,947	$ 237,744
Unearned revenue	45,294	56,601
Current portion of long-term debt	53,840	50,835
Self-insurance liabilities	20,670	20,505
Total current liabilities	369,751	365,685
Noncurrent liabilities		
Accounts payable and other liabilities	45,421	44,689
Unearned revenue	152,185	178,113
Long-term debt, net of current portion	1,411,252	1,481,390
Self-insurance liabilities, net of current portion	41,106	38,459
Net other postemployment benefits liability	356,573	376,433
Net pension liability	698,876	705,503
Total noncurrent liabilities	2,705,413	2,824,587
Total liabilities	3,075,164	3,190,272
Deferred Inflows of Resources		
Pension related		
Differences between actual and expected experience	971	2,486
Changes in assumptions	14,921	10,070
Other Post Employment Benefits related		
Net differences between projected and actual earnings	6,985	9,997
Differences between actual and expected experience	52,530	29,277
Changes of assumptions	14,719	18,095
Total deferred inflows of resources	90,126	69,925
Net position		
Net investment in capital assets	6,840,499	6,586,781
Restricted for debt service and other liabilities	191,394	156,387
Unrestricted (deficit)	(261,741)	(191,334)
Total net position	$ 6,770,152	$ 6,551,834

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Enterprise Fund
Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Operating revenues		
Fares	$ 482,644	$ 481,783
Other	72,040	64,831
Total operating revenues	554,684	546,614
Operating expenses		
Transportation	223,089	219,590
Maintenance	370,506	333,840
Police services	74,360	68,166
Construction and engineering	36,257	30,139
General and administrative	225,504	228,768
Depreciation	207,345	219,782
Total operating expenses	1,137,061	1,100,285
Less - capitalized costs	(138,887)	(107,469)
Net operating expenses	998,174	992,816
Operating loss	(443,490)	(446,202)
Nonoperating revenues (expenses)		
Transactions and use tax - sales tax	280,385	257,883
Property tax	123,677	119,218
Operating financial assistance	65,693	54,736
Investment income	19,337	12,088
Interest expense	(31,132)	(32,846)
Other expense, net	(328)	(906)
Total nonoperating revenues, net	457,632	410,173
Change in net position before capital contributions and special item	14,142	(36,029)
Capital contributions	204,176	233,728
Special Item		
Loss from discontinued project - Livermore Extension	-	(20,486)
Change in net position	218,318	177,213
Net position, beginning of year	6,551,834	6,374,621
Net position, end of year	$ 6,770,152	$ 6,551,834

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Cash flows from operating activities		
Receipts from customers	$ 480,369	$ 483,896
Payments to suppliers	(199,396)	(203,606)
Payments to employees	(557,969)	(514,193)
Other operating cash receipts	72,959	62,581
Net cash used in operating activities	(204,037)	(171,322)
Cash flows from noncapital financing activities		
Transactions and use tax (sales tax) received	233,725	212,253
Property tax received	50,204	42,961
Financial assistance received	57,056	50,948
Net cash provided by noncapital financing activities	340,985	306,162
Cash flows from capital and related financing activities		
Transactions and use tax (sales tax) received	46,660	45,630
Property tax received	77,659	70,913
Capital grants received	201,729	197,413
Expenditures for facilities, property and equipment	(663,286)	(486,512)
Proceeds from disposition of property	1,333	-
Principal paid on long-term debt	(50,835)	(305,070)
Payments of long-term debt issuance and service costs	(21)	(906)
Proceeds from issuance of Sales Tax Revenue Bonds	-	210,319
Deferred interest paid for defeased bonds	-	(18,904)
Interest paid on long-term debt	(46,682)	(44,808)
Deposit refunded	(624)	(466)
Net cash used in capital and related financing activities	(434,067)	(332,391)
Cash flows from investing activities		
Proceeds from sale and maturity of investments	754,412	710,565
Purchase of investments	(762,338)	(357,835)
Investment income (loss)	18,560	11,225
Net cash provided by investing activities	10,634	363,955
Net change in cash and cash equivalents	(286,485)	166,404
Cash and cash equivalents, beginning of year	789,862	623,458
Cash and cash equivalents, end of year	$ 503,377	$ 789,862
Reconciliation of cash and cash equivalents to the Statements of Net Position		
Current, unrestricted assets - cash and cash equivalents	$ 253,015	$ 414,050
Current, restricted assets - cash and cash equivalents	250,362	375,812
Total cash and cash equivalents	$ 503,377	$ 789,862

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Enterprise Fund
Statements of Cash Flows, continued
For the Years Ended June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (443,490)	$ (446,202)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	207,345	219,782
Provision for inventory obsolescence	775	3,790
Provision for doubtful accounts	1,580	-
Amortization of deferred charges and leasehold improvements	284	285
Accrual of employee retirement and post employment obligations	32,713	49,903
Amortization of deferred ground lease	(552)	(552)
Net effect of changes in		
Receivables and other assets	(5,667)	(2,034)
Materials and supplies	(12,365)	1,866
Accounts payable and other liabilities	12,322	(683)
Self-insurance liabilities	2,812	3,014
Unearned revenue	206	(491)
Net cash used in operating activities	$ (204,037)	$ (171,322)
Noncash transactions		
Capital assets acquired with a liability at year-end	$ 104,618	$ 102,828
Increase in fair value of investments	1,550	(488)
Amortization of long-term debt premium and discount	(16,297)	(16,211)
Bond premium reclassed to losses on refunding of debt	-	(13,505)
Amortization of loss on early debt retirement	1,675	1,361
Donated capital assets given	307	-
Gain from exchange of property	731,771	-

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Retiree Health Benefit Trust
Statements of Trust Net Position
June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Assets		
Cash and cash equivalents	$ 68	$ 1,351
Receivables and other assets	7,184	10,404
Investments		
Domestic common stocks	187,362	171,282
Domestic preferred stocks	-	11
U.S. Treasury obligations	54,719	91,535
Money market mutual funds	26,610	26,927
Mutual funds - equity	21	-
Mutual funds - debt securities	59,861	-
Corporate obligations	15,017	13,848
Foreign stocks	10,046	9,839
Total investments	353,636	313,442
Total assets	360,888	325,197
Liabilities		
Accounts payable	173	153
Pending trades payable	20,245	19,193
Total liabilities	20,418	19,346
Net position restricted for retiree health benefits	$ 340,470	$ 305,851

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Retiree Health Benefit Trust
Statements of Change in Trust Net Position
For the Years Ended June 30, 2019 and 2018
(dollar amounts in thousands)

	2019	2018
Additions		
Employer contributions	$ 39,511	$ 35,569
Investment income		
Interest income	6,371	5,550
Net appreciation in fair value of investments	13,485	18,408
Investment expense	(470)	(479)
Net investment income	19,386	23,479
Total additions	58,897	59,048
Deductions		
Benefit payments	24,060	23,095
Legal fees	8	9
Audit fees	16	16
Insurance expense	27	22
Administrative fees	167	206
Total deductions	24,278	23,348
Change in net position	34,619	35,700
Net position restricted for retiree health benefits		
Beginning of year	305,851	270,151
End of year	$ 340,470	$ 305,851

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

1. Reporting Entity and Summary of Significant Accounting Policies

Description of Reporting Entity

The San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

Basis of Accounting and Presentation

The basic financial statements provide information about the District's Enterprise Fund and the Retiree Health Benefit Trust Fund (the Trust). Separate statements for each fund category – proprietary and fiduciary – are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues from property taxes are recognized in the fiscal year for which the taxes are levied; revenue from sales taxes are recognized in the fiscal year when the underlying exchange takes place; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

The Enterprise Fund, a proprietary fund, distinguishes operating revenues and expenses from nonoperating items. The District's operating revenues are generated directly from its transit operations and consist principally of passenger fares. Operating expenses for the transit operations include all costs related to providing transit services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases and rentals, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Trust, a fiduciary fund, is used to account for assets held by the District as a trustee to pay retiree health care premiums. The assets of the Trust cannot be used to support the District's programs.

Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The District records investment transactions on the trade date. Investments in nonparticipating interest-earning investment contracts (e.g. nonnegotiable certificates of deposits and guaranteed investment contracts) are reported at cost and all other investments are at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. As a matter of policy, the District usually holds investments until their maturity.

Restricted Assets

Certain assets are classified as restricted assets on the statements of net position because their use is subject to externally imposed stipulations, either by certain bond covenants, laws or regulations or provisions of debt agreements.

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Grants/Contributions

The District receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, the State of California, and local transportation funds for the acquisition of transit-related equipment, improvements and preventative maintenance. Capital grants receivables represent amounts expected from governmental agencies to reimburse the District for costs incurred for capital projects (Notes 8 and 9) and are reported as government receivables on the statements of net position.

Materials and Supplies

Materials and supplies consist primarily of replacement parts for the system and rail vehicles, which are stated at cost using the average-cost method. Materials and supplies are expensed as consumed.

Bond Discounts, Premiums and Losses on Refunding

The bond discounts, premiums and losses on refunding, are deferred and amortized over the term of the bonds as a component of interest expense. The unamortized portion of these items, except the losses on refunding, which are reported as deferred outflows of resources, are presented as an adjustment of the face amount of bonds payable.

Capital Assets

Capital assets are stated at cost or at acquisition value of donated assets and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 80 years. The District's policy is to capitalize acquisitions of capital assets with a cost of $5,000 or more and a useful life of more than one year, and all costs related to capital projects, regardless of amounts. Upon disposition, costs and accumulated depreciation/amortization are removed from the accounts and resulting gains or losses are included in operations.

The District capitalizes as intangible capital assets, internally generated intangibles such as computer software. Easements and rights-of-way are capitalized and recorded as part of land and are not amortized as they have indefinite useful lives while computer software is amortized over a period of 20 years.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs that do not extend the useful life of the applicable assets are charged to expense as incurred. The District capitalizes certain interest costs, net of interest income related to tax-free borrowings until the assets are ready for their intended use. The amount capitalized is the difference between the interest costs and interest income associated with the applicable tax-free borrowings. Amounts capitalized were net interest expense of $13,258,000 and $14,964,000 in fiscal year 2019 and 2018, respectively.

Unearned Revenue

Unearned revenue consists of (1) prepayments of revenues related to license fees paid by telecommunication companies for the use of the District's right of way for wireless accessibility to their customers; (2) estimated passenger tickets sold but unused; (3) advances received from grant agreements; (4) prepayments of ground lease revenues (Note 15); and (5) value of property received in exchange for the District's property not yet transferred at the end of the fiscal year.

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Compensated Absences

Compensated absences are reported and accrued as a liability in the period incurred. Compensated absences have a total balance of $67,153,000 and $65,728,000 as of June 30, 2019 and 2018, respectively, and are shown in the statements of net position under accounts payable and other liabilities (see Note 5) as follows (dollar amounts in thousands):

	2019	2018
Current liabilities	$ 24,835	$ 21,322
Noncurrent liabilities	42,318	44,406
Total	$ 67,153	$ 65,728

Pollution Remediation

The recognition of pollution remediation obligations (including contamination) address the current or potential detrimental effects of existing pollution by estimating costs associated with participating in pollution remediation activities, such as site assessments and cleanups. There are no known material remediation obligations that the District is currently or potentially involved in.

Net Position

Net investment in capital assets include capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation and include amounts restricted for debt service and other liabilities. All other net position is unrestricted. Generally, the District's policy is to spend restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Transactions and Use Tax (Sales Tax) Revenues

The State of California legislation authorizes the District to impose a 0.5% transaction and use tax within District boundaries, which is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is paid directly to the District for the purpose of paying operating expenses, except for the portion that is paid directly to trustees to cover principal and interest payments of maturing sales tax revenue bonds. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustees) as nonoperating revenue.

Property Taxes, Collection and Maximum Rates

The State of California Constitution Article XIII.A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII.A and may be adjusted by no more than 2% per year, unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

The District receives an allocation of property tax revenues for transit operations. Additionally, beginning in fiscal year 2006, the District received property tax allocations for the debt service payments on the 2005, 2007, 2013 and 2015 and 2017 Measure AA General Obligation Bonds. Beginning in fiscal year 2018, the District also received property tax allocation for the debt service of Measure RR General Obligation Bonds. As required by the law of the State of California, the District utilizes the services of each of the three BART Counties of Alameda, Contra Costa and San Francisco for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as county, school district and other special district taxes. Property taxes are recorded as revenue in the fiscal year of levy. Assessed values are determined annually by the Assessor's Offices of City and County of San Francisco, County of Alameda and County of Contra Costa on January l, and become a lien on the real properties at January 1. The levy date for secured and unsecured properties is July 1 of each year. Secured taxes are due November l and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent after August 31.

Operating Financial Assistance

Financial assistance grants for operations from federal, state and local agencies are reported as nonoperating revenue in the period in which all eligibility requirements have been satisfied (Notes 8 and 9).

Collective Bargaining

Approximately 86% of the District's employees are subject to collective bargaining. The current bargaining units consist of the following:

- American Federation of State, County and Municipal Employees (AFSCME), Local 3993
- Amalgamated Transit Union (ATU), Local 1555
- Service Employees International Union (SEIU), Local 1021
- BART Police Officers Association (BPOA)
- BART Police Managers Association (BPMA)

Capitalized Costs

The District initially charges employee salaries, wages and benefits to operating expenses by functional expense category. Labor costs included in those amounts that are associated with capital projects are subsequently adjusted to be included in the cost of the related capital asset. This adjustment is reflected in the statements of revenues, expenses and changes in net position as a reduction of operating expenses. The amounts of $138,887,000 and $107,469,000 were capitalized during the fiscal years ended June 30, 2019 and 2018, respectively.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's Pension Plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

In fiscal year 2018, economic useful lives of revenue vehicles were re-evaluated which warranted the reduction in economic useful lives of the rehabilitated cost of A and B cars and original cost of C-1 and C-2 cars. The remaining lives as re-evaluated is between 0-72 months beginning fiscal year 2018. The District recognized additional depreciation expense during fiscal year 2018 in the amount of $27,016,000 from re-evaluating the useful lives of the old fleet cars.

New Accounting Pronouncements Adopted

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforced liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for the District's fiscal year ended June 30, 2019. This Statement did not have a significant impact to the District's financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* The primary objective of the Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. This statement requires that additional information related to debt be disclosed in the financial statement notes, including unused lines of credit; assets pledged as collateral for the debt; and terms specific in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this statement are effective for the District's fiscal year ended June 30, 2019. The District included the disclosures related to events of default and acceleration clauses pursuant to this Statement in Note 6 to the financial statements.

Recent Accounting Pronouncements That Have Not Been Adopted

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2020.

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of the Statement is to improve the accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period.* The objectives of the Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2020.

2. Cash and Cash Equivalents, and Investments

A. Cash and Cash Equivalents, and Investments of the Enterprise Fund

Cash, cash equivalents and investments are reported in the Enterprise Fund as follows (dollar amounts in thousands):

	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Current assets						
Cash and cash equivalents	$ 253,015	$ 250,362	$ 503,377	$ 414,050	$ 375,812	$ 789,862
Investments	454,709	135,110	589,819	305,963	274,381	580,344
Total	$ 707,724	$ 385,472	$ 1,093,196	$ 720,013	$ 650,193	$ 1,370,206

Investment Policy

The California Public Utilities Code, Section 29100, and the California Government Code (CGC), Section 53601, provide the basis for the District's investment policy. To meet the objectives of the investment policy – (1) preservation of capital, (2) liquidity, and (3) yield – the investment policy, approved by the Board of Directors, specifically identifies the types of permitted investments, as well as any maturity limits and other restrictions. The following table presents the authorized investment, requirements, and restrictions per the CGC and the District's investment policy:

	Maximum Maturity (1)		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating (2)	
Investment Type	CGC	District	CGC	District	CGC	District	CGC	District
U.S. Treasury Obligations (bills, bonds, or notes)	5 years	5 years	None	None	None	None	None	None
U.S. Agencies	5 years	5 years	None	None	None	None	None	None
Bankers' Acceptances	180 days	180 days	40%	40%	30%	30%	None	None
Commercial Paper (3)	270 days	270 days	25%	25%	10%	10%	P1	P1
Negotiable Certificates	5 years	5 years	30%	30%	None	None	None	None
Repurchase Agreements	1 year	1 year	None	None	None	None	None	None
Reverse Repurchase Agreements	92 days	90 days	20%	20%	None	None	None	None
Local Agency Investment Fund	N/A	N/A	None	20%	None	None	None	None
Non-Negotiable Time Deposits	5 years	5 years	30%	30%	None	None	None	None
Medium Term Notes/Bonds (3)	5 years	5 years	30%	30%	None	None	A	A
Municipal Securities of California Local Agencies	5 years	5 years	None	None	None	None	None	None
Mutual Funds	N/A	N/A	20%	20%	10%	10%	AAA	AAA
Notes, Bonds, or Other Obligations	5 years	5 years	None	None	None	None	None	None
Mortgage Pass-Through Securities	5 years	5 years	20%	20%	None	None	AAA	AAA
Financial Futures (3)	N/A	N/A	None	None	None	None	None	None

Footnotes
(1) In the absence of a specified maximum, the maximum is 5 years.
(2) Minimum credit rating categories include modifications (+/-).
(3) District will not invest in these investment types unless specifically authorized by the Board.

2. Cash and Cash Equivalents, and Investments (Continued)

Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds and funds set aside for debt service. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Securities of the U.S. Government and its agencies	None	None	None	None
Housing Authority Bonds or project notes issued by public agencies or municipalities fully secured by the U.S.	None	None	None	None
Obligations of any state, territory, or commonwealth of the U.S. or any agency or political subdivisions thereof	None	Aa1/AA+	None	None
Collateralized time deposits	None	A-1	None	None
Commercial paper	None	Aaa/AAA	None	None
Repurchase agreements	None	None	None	None
Money market mutual funds	None	None	None	None
Investment agreements	None	Aa1/AA+	None	None
Other investments approved by the Board that will not adversely affect ratings on bonds	None	None	None	None
Corporate bonds, notes, and debentures	None	Aa1/AA+	None	None
Local Agency Investment Fund	None	None	None	None

2. Cash and Cash Equivalents, and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. One of the District's primary objectives is to provide sufficient liquidity to meet its cash outflow needs, however, the District does not have any policies specifically addressing interest rate risk, except as outlined in the CGC. A summary of investments by type of investments and by segmented time distribution as of June 30, 2019 and 2018 is as follows (dollar amounts in thousands):

		Investment Maturities (in Years)	
	2019	Less Than 1	1 - 5
Money market mutual funds*	$ 110,065	$ 110,065	$ -
U.S. Treasury	516,436	516,436	-
U.S. government agencies	19,810	19,810	-
Commercial paper	66,417	66,417	-
Foreign government bonds	52,703	52,703	-
Certificates of deposit	871	871	-
Total investments subject to interest rate risk	766,302	$ 766,302	$ -
Deposits with banks	323,734		
Impress funds	3,160		
Total cash and investments	$ 1,093,196		

		Investment Maturities	
	2018	Less Than 1	1 - 5
Money market mutual funds*	$ 141,899	$ 141,899	$ -
U.S. Treasury	685,673	685,673	-
U.S. government agencies	54,247	54,247	-
Commercial paper	51,353	51,353	-
Foreign government bonds	69,671	69,671	-
Certificates of deposit	867	867	-
Total investments subject to interest rate risk	1,003,710	$ 1,003,710	$ -
Deposits with banks	363,246		
Imprest funds	3,250		
Total cash and investments	$ 1,370,206		

* weighted-average maturity

2. Cash and Cash Equivalents, and Investments (Continued)

Credit Risk

The District's credit rating risk is governed by Section 53601 of the CGC which, among others, limits investments in money market mutual funds to those funds with the highest evaluations granted by the rating agencies, which is AAAm. The District has investments in U.S. Treasury and government agencies, and in money market mutual funds. There are no investment limits on the securities of U.S. Treasury or certain U.S. government agencies that are backed by the full faith and credit of the United States government. The following is a summary of the credit quality distribution for securities with credit exposure as rated by Standard & Poor's, Fitch Ratings and/or Moody's as of June 30, 2019 and 2018 (dollar amounts in thousands):

		Credit Ratings			
	2019	AAA	AA	A	Not Rated
Money market mutual funds	$ 110,065	$ 62,635	$ -	$ 47,430	$ -
U.S. Treasury	516,436	516,436	-	-	-
U.S. government agencies	19,810	19,810	-	-	-
Commercial paper	66,417	-	-	66,417	-
Foreign government bonds	52,703	52,703	-	-	-
Certificates of deposit	871	-	-	-	871
Total investments subject to credit risk	766,302	$ 651,584	$ -	$ 113,847	$ 871
Deposits with banks	323,734				
Imprest funds	3,160				
Total cash and investments	$ 1,093,196				

		Credit Ratings			
	2018	AAA	AA	A	Not Rated
Money market mutual funds	$ 141,899	$ 89,120	$ -	$ 52,779	$ -
U.S. Treasury	685,673	685,673	-	-	-
U.S. government agencies	54,247	54,247	-	-	-
Commercial paper	51,353	-	-	51,353	-
Foreign government bonds	69,671	69,671	-	-	-
Certificates of deposit	867	-	-	-	867
Total investments subject to credit risk	1,003,710	$ 898,711	$ -	$ 104,132	$ 867
Deposits with banks	363,246				
Imprest funds	3,250				
Total cash and investments	$ 1,370,206				

2. Cash and Cash Equivalents, and Investments (Continued)

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the District does not value any of its investments using Level 3 inputs).

All of the District's investments fall under the Marketable/Actively traded assets category. The custodian banks rely on the pricing by nationally known vendors. In the event that a particular category is not priced by the primary pricing vendor, the custodian banks engage a secondary vendor or other sources.

The following is a summary of the fair value of investments of the District as of June 30, 2019 and June 30, 2018 (dollar amounts in thousands):

Investments at Fair Value Level	6/30/2019	(Level 1)	(Level 2)	6/30/2018	(Level 1)	(Level 2)
Money market mutual funds	$ 110,065	$ -	$ 110,065	$ 141,899	$ -	$ 141,899
U.S. Treasury	516,436	516,436	-	685,673	685,673	-
U.S. government agencies	19,810	-	19,810	54,247	-	54,247
Commercial paper	66,417	-	66,417	51,353	-	51,353
Foreign government bonds	52,703	-	52,703	69,671	-	69,671
Total investments at fair value	765,431	$ 516,436	$ 248,995	1,002,843	$ 685,673	$ 317,170
Excluded from FMV hierarchy reporting						
Certificate of deposit	871			867		
Total investments	$ 766,302			$ 1,003,710		

Investments valued at $516,436,000 and $685,673,000 in fiscal year 2019 and 2018, respectively, are classified in Level 1 of the fair value hierarchy. This asset category mainly consists of U.S Treasury securities which are valued using Institutional Bond quotes, i.e., quoted market prices in active markets.

Total investments valued at $248,995,000 and $317,170,000 in fiscal year 2019 and 2018, respectively, are classified in Level 2 of the fair value hierarchy. Fair value was determined using Matrix Pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

2. Cash and Cash Equivalents, and Investments (Continued)

Concentration of Credit Risk

The District does not have a policy to limit investments in any one issuer to no more than 5% of the total portfolio. However, the District is required to disclose investments that represent a concentration of 5% or more of investments in any one issuer other than U.S. Treasury obligations. At June 30, 2019 and 2018, the District did not have investments in any one issuer other than U.S. Treasury obligations that exceeded 5% of the District's total investment portfolio.

Custodial Credit Risk - Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The CGC Section 53652 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral is considered to be held in the District's name.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the District may not be able to recover the value of its investments. The exposure to the District is limited as the District's investments are held in the District's name by a third-party safe-keeping custodian that is separate from the counterparty or in the custody of a trust department, as required by bond covenants.

B. Investments of the Retiree Health Benefit Trust

Investment Policy

The investment objective of the Trust is to achieve consistent long-term growth for the Trust and to maximize income consistent with the preservation of capital for the sole and exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Trust. The District's Board of Directors establishes the general investment policy and guidelines for the Trust. Allowable investments under the Trust investment guidelines include:

- Cash equivalents such as U.S. Treasury bills, money market mutual funds, short-term interest fund (STIF) trusts, commercial paper rated A1/P1, banker's acceptances, certificates of deposits and repurchase agreements;

- Fixed income securities, which include U.S. agency and corporation bonds (including Yankees) and preferred stock and Rule 144A issues, and mortgage or asset-backed securities; and

- Equity securities, including U.S. traded common, preferred stocks and convertible stocks and bonds, including American Depository Receipts.

2. Cash and Cash Equivalents, and Investments (Continued)

Interest rate risk

The Trust's investment policies mitigate exposure to changes in interest rates by requiring that the assets of the Trust be invested in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum	Preferred
Equity securities	45%	70%	60%
Fixed income securities	25%	45%	35%
Cash equivalents	3%	10%	5%

Fixed income securities have the following maturity restrictions: (1) maximum maturity for any single security is 40 years, and (2) the weighted average portfolio maturity may not exceed 25 years.

A summary of investments by type of investments and by segmented time distribution as of June 30, 2019 and 2018 is as follows (dollar amounts in thousands):

		Investment Maturities (in Years)			
	2019	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury obligations	$ 54,719	$ 19,772	$ 3,321	$ 10,270	$ 21,356
Money market mutual funds*	26,610	26,610	-	-	-
Corporate obligations	15,017	548	6,144	2,595	5,730
Investments subject to interest rate risk	96,346	$ 46,930	$ 9,465	$ 12,865	$ 27,086
Domestic common stocks	187,362				
Foreign stocks	10,046				
Mutual funds - debt securities	59,861				
Mutual funds - equity	21				
Total investments	$ 353,636				

		Investment Maturities (in Years)			
	2018	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury obligations	$ 91,535	$ 4,957	$ 23,990	$ 38,862	$ 23,726
Money market mutual funds*	26,927	26,927	-	-	-
Corporate obligations	13,848	1,958	6,575	2,309	3,006
Investments subject to interest rate risk	132,310	$ 33,842	$ 30,565	$ 41,171	$ 26,732
Domestic common stocks	171,282				
Domestic preferred stocks	11				
Foreign stocks	9,839				
Total investments	$ 313,442				

* Weighted-average maturity

2. Cash and Cash Equivalents, and Investments (Continued)

Credit Risk

The Trust's credit risk policy is defined in its Statement of Investment Policy approved by the District's Board of Directors. The policy states that the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Trust's objectives and that the Trust's investment managers are expected to make reasonable efforts to control risk. The investment policy requires that all of the Trust's assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Trust, with minimal impact on market prices. The investment policy also demands that no single investment shall exceed five percent of the total Trust assets, at market value, except obligations of the U.S. government, short-term money market funds, index funds and other diversified commingled accounts; and for actively managed equity accounts, where, for issues that comprise more than 4% of the account's stated benchmark, the limit shall be 125% of the weight of the common stock benchmark.

The following is a summary of the credit quality distribution for securities with credit exposure as rated by Standard & Poor's and/or Moody's as of June 30, 2019 and 2018 (dollar amounts in thousands):

		Credit Ratings				
	2019	AAA	AA	A	BBB	Not Rated
U.S. Treasury obligations	$ 54,719	$ -	$ 54,719	$ -	$ -	$ -
Money market mutual funds	26,610	26,610	-	-	-	-
Corporate obligations	15,017	4,059	992	6,832	2,405	729
Investments subject to credit risk	96,346	$ 30,669	$ 55,711	$ 6,832	$ 2,405	$ 729
Domestic common stocks	187,362					
Foreign stocks	10,046					
Mutual funds - debt securities	59,861					
Mutual funds - equity	21					
Total investments	$ 353,636					

		Credit Ratings				
	2018	AAA	AA	A	BBB	Not Rated
U.S. Treasury obligations	$ 91,535	$ -	$ 91,535	$ -	$ -	$ -
Money market mutual funds	26,927	26,927	-	-	-	-
Corporate obligations	13,848	2,110	881	7,089	2,878	890
Investments subject to credit risk	132,310	$ 29,037	$ 92,416	$ 7,089	$ 2,878	$ 890
Domestic common stocks	171,282					
Domestic preferred stocks	11					
Foreign stocks	9,839					
Total investments	$ 313,442					

2. Cash and Cash Equivalents, and Investments (Continued)

Fair Value Hierarchy

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

All of the Trust investments fall under the Marketable/Actively traded assets category. The custodian bank relies on the pricing by nationally known vendors. In the event that a particular category is not priced by the primary pricing vendor, the custodian bank engages a secondary vendor or other sources.

The following is a summary of the fair value hierarchy of the fair value of investments of the Trust as of June 30, 2019 and June 30, 2018 (dollar amounts in thousands):

Investments by Fair Value Level	Fair Value Hierarchy 6/30/2019	(Level 1)	(Level 2)	(Level 3)	6/30/2018	(Level 1)	(Level 2)	(Level 3)
Domestic common stocks	$ 187,362	$ 187,362	$ -	$ -	$ 171,282	$ 171,234	$ -	$ 48
Domestic preferred stocks	-	-	-	-	11	11	-	-
Foreign stocks	10,046	10,046	-	-	9,839	9,839	-	-
Money market mutual funds	26,610	26,610	-	-	26,927	-	26,927	-
Mutual funds - debt securities	59,861	-	-	59,861	-	-	-	-
U.S. Treasury obligations	54,719	32,351	22,368	-	91,535	74,457	17,078	-
Corporate obligations	15,017	-	15,017	-	13,848	-	13,848	-
Total investments at fair value	353,615	$ 256,369	$ 37,385	$ 59,861	313,442	$ 255,541	$ 57,853	$ 48
Investment measured at Net Asset Value								
Mutual funds - equity	21				-			
Total investments	$ 353,636				$ 313,442			

Investments classified in Level 1 of the fair value hierarchy valued at $256,369,000 and $255,541,000 in fiscal year 2019 and 2018, respectively, are valued using quoted prices in active markets.

Investments amounting to $37,385,000 and $57,853,000 in fiscal year 2019 and 2018, respectively, are classified under Level 2 of the fair value hierarchy and are valued using matrix pricing, which is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments amounting to $59,861,000 and $48,000 in fiscal year 2019 and 2018, respectively, are classified under Level 3 of the fair value hierarchy using value obtained from issuer or determined by US Bank Specialty Assets unit.

Mutual fund-equity totaling $21,000 as of June 30, 2019 are valued using the net asset value (NAV) methodology. Per GASB Statement 72, the government entity should be permitted to calculate the fair value of certain investments that do not have a readily determinable fair value using a practical expedient method based on the investment's NAV per share. A mutual fund may include several different underlying investments. The NAV is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees and other fund expenses. Certain investments within the fund may be deemed unobservable and not to be considered in an active market. No redemption restrictions exist on any of the mutual fund equity investments valued using the NAV methodology

2. Cash and Cash Equivalents, and Investments (Continued)

Concentration of Credit Risk

The Trust's investment policies mitigate exposure to concentration of credit risk by diversifying the portfolio and limiting investments in any one issuer to no more than 5% of the total portfolio. As of June 30, 2019 and 2018, no single issuer comprised more than 5% of the total portfolio for the Trust.

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the Trust may not be able to recover the value of its investments. The exposure to the Trust is limited as the Trust's investments are in the custody of a third-party custodian that is separate from the counterparty.

3. Receivables and Other Assets

The District reports the following aggregated accounts as receivables and other assets in the statements of net position as of June 30, 2019 and 2018 (dollar amounts in thousands):

	2019	2018
Interest receivable - other investments	$ 2,954	$ 3,727
Deferred charges	143	169
Deposit for power supply	12,660	12,037
Off-site ticket vendor receivable	2,264	1,642
Capitol Corridor Joint Powers Authority receivable (Note 14)	2,508	1,640
Property tax receivable	2,315	6,500
Prepaid expenses	13,549	18,238
Imprest deposits for self-insurance liabilities	2,768	2,465
Other	12,804	2,390
Allowance for doubtful accounts	(2,032)	(452)
Total receivables and other assets	$ 49,933	$ 48,356
Current, unrestricted portion	$ 35,257	$ 31,159
Current, restricted portion	1,897	5,018
Noncurrent, unrestricted portion	119	142
Noncurrent, restricted portion	12,660	12,037
Total receivables and other assets, as presented in the basic financial statements	$ 49,933	$ 48,356

4. Capital Assets

Changes to capital assets during the fiscal year ended June 30, 2019 were as follows (dollar amounts in thousands):

	Lives (Years)	2018	Additions and Transfers	Retirements and Transfers	2019
Capital assets, not being depreciated					
Land and easements	N/A	$ 631,156	$ -	$ (908)	$ 630,248
Construction in progress	N/A	1,163,809	664,516	(410,716)	1,417,609
Total capital assets, not being depreciated		1,794,965	664,516	(411,624)	2,047,857
Capital assets, being depreciated					
Tangible asset					
Stations, track, structures and improvements	8-80	6,619,363	176,596	-	6,795,959
Buildings	5-80	20,938	-	-	20,938
System-wide operation and control	20	715,800	6,972	(16)	722,756
Revenue transit vehicles	10-30	1,201,776	149,618	-	1,351,394
Service and miscellaneous equipment	3-20	406,554	10,646	(1,639)	415,561
Capitalized construction and start-up costs	30	98,305	-	-	98,305
Repairable property items	30	539,913	66,037	(1,355)	604,595
Intangible asset					
Information systems	20	60,078	846	-	60,924
Total capital assets, being depreciated		9,662,727	410,715	(3,010)	10,070,432
Less accumulated depreciation		(3,497,403)	(207,602)	1,739	(3,703,266)
Total capital assets, being depreciated, net		6,165,324	203,113	(1,271)	6,367,166
Total capital assets, net		$ 7,960,289	$ 867,629	$ (412,895)	$ 8,415,023

To replace the District’s aging fleet of revenue rail vehicles, on May 10, 2012, the Board of Directors authorized the award of a contract to Bombardier Transit Corporation for the procurement of additional and replacement cars. The base contract provides for the design, engineering, manufacture, testing, management and support of 260 heavy rail transit vehicles, with several options to procure additional vehicles thereafter, including two options for 150 vehicles, one option for 115 vehicles, and one option for 100 vehicles. The District awarded the base contract for 260 vehicles and exercised options to the additional vehicles for a total purchase of 775 vehicles, comprised of 310 “D” (control cab-equipped) and 465 “E” (non- control) cars. The total project cost for the 775 vehicles is approximately $2,584,000,000 and is being paid from funding sources including funds from MTC, VTA and from the District. In addition to the 775 new vehicles on order, the District plans to acquire an additional 425 new cars to enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube, for the network as expanded to Santa Clara by Phase II of the Silicon Valley Extension. These additional cars will be all “E” (non-control cars), which will bring the revenue fleet to 310 “D” and 890 “E” cars, for a total of 1,200 cars. As of June 30, 2019, a total of 80 cars have been delivered and have been conditionally accepted by the District.

At an election held on November 8, 2016, the District obtained an authorization to issue General Obligation Bonds (Measure RR) up to $3,500,000,000 to finance its System Renewal Program in order to keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; and to address critical infrastructure needs which include replacing and upgrading 90 miles of severely worn tracks; tunnels damaged by water intrusion; 44-year old train control systems; and other deteriorating infrastructure. Please see Note 6 for a summary of major projects and related expenditures funded by Measure RR.

4. Capital Assets (Continued)

Changes to capital assets during the fiscal year ended June 30, 2018 were as follows (dollar amounts in thousands):

	Lives (Years)	2017	Additions and Transfers	Retirements and Transfers	2018
Capital assets, not being depreciated					
Land and easements	N/A	$ 631,156	$ -	$ -	$ 631,156
Construction in progress	N/A	1,271,569	490,599	(598,359)	1,163,809
Total capital assets, not being depreciated		1,902,725	490,599	(598,359)	1,794,965
Capital assets, being depreciated					
Tangible asset					
Stations, track, structures and improvements	8-80	6,198,596	420,767	-	6,619,363
Buildings	5-80	20,938	-	-	20,938
System-wide operation and control	20	687,756	28,094	(50)	715,800
Revenue transit vehicles	10-30	1,123,559	78,217	-	1,201,776
Service and miscellaneous equipment	3-20	405,504	2,935	(1,885)	406,554
Capitalized construction and start-up costs	30	98,305	-	-	98,305
Repairable property items	30	493,302	46,626	(15)	539,913
Intangible asset					
Information systems	20	58,844	1,234	-	60,078
Total capital assets, being depreciated		9,086,804	577,873	(1,950)	9,662,727
Less accumulated depreciation		(3,279,313)	(220,040)	1,950	(3,497,403)
Total capital assets, being depreciated, net		5,807,491	357,833	-	6,165,324
Total capital assets, net		$ 7,710,216	$ 848,432	$ (598,359)	$ 7,960,289

On May 26, 2018, the BART Antioch extension began carrying riders in East Contra Costa County. The new service between the Pittsburg/Bay Point Station and Antioch is 10 miles long, adds two new stations, and provides much needed congestion relief on State Route 4. The extension uses a different type of train called a Diesel Multiple Unit (DMU). The DMUs run on their own tracks in the median of State Route 4 and connect with the existing BART system at a Transfer Platform just east of the Pittsburg Bay Point Station.

In fiscal year 2018, the cumulative costs of the Livermore Extension Project incurred associated with conceptual engineering and project level environment impact report through June 30, 2018 in the amount of $20,486,000, were written off and recognized as a special item loss from discontinued project. At its May 24, 2018 Board meeting, the BART Board voted to certify the BART to Livermore Extension Project Final Environmental Impact Report, but to not advance the proposed conventional BART Extension to Livermore. The Board also voted to not advance the DMU/EMU Alternative, Express Bus/BRT Alternative or the Enhanced Bus Alternative.

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $2,999,189,000 and $2,898,000,000 at June 30, 2019 and 2018, respectively.

5. Accounts Payable and Other Liabilities

The District reports the following aggregated payables as accounts payable and other liabilities in the statements of net position as of June 30, 2019 and 2018 (dollar amounts in thousands):

	2019	2018
Payable to vendors and contractors	$ 160,799	$ 147,275
Employee salaries and benefits	41,010	42,096
Accrued compensated absences	67,153	65,728
Accrued interest payable	26,406	27,334
Liabilities at the end of year	295,368	282,433
Less: noncurrent portion	(45,421)	(44,689)
Net current portion	$ 249,947	$ 237,744

6. Long-Term Debt

Long-term debt activity for the fiscal year ended June 30, 2019 is summarized as follows (dollar amounts in thousands):

	2018	Additions	Payments/ Amortization	2019
2012A Sales Tax Revenue Refunding Bonds	$ 90,240	$ -	$ (3,045)	$ 87,195
2012B Sales Tax Revenue Bonds	13,610	-	(2,615)	10,995
2015A Sales Tax Revenue Refunding Bonds	155,655	-	(15,815)	139,840
2016A Sales Tax Revenue Refunding Bonds	83,800	-	-	83,800
2017A Sales Tax Revenue Refunding Bonds	118,260	-	-	118,260
2017B Sales Tax Revenue Refunding Bonds	67,245	-	(1,200)	66,045
2013C General Obligation Bonds - Measure AA	205,730	-	(18,050)	187,680
2015D General ObligationRefunding Bonds - Measure AA	275,755	-	(1,085)	274,670
2017E General Obligation Refunding Bonds - Measure AA	84,735	-	(4,455)	80,280
2017A General Obligation Bonds - Measure RR	271,600	-	(4,570)	267,030
	1,366,630	-	(50,835)	1,315,795
Add (less):				
Original issue premiums and discounts, net	165,595	-	(16,298)	149,297
Long-term debt, net of accumulated accretion and debt-related items	1,532,225	$ -	$ (67,133)	1,465,092
Less: current portion of long-term debt	(50,835)			(53,840)
Net long-term debt	$ 1,481,390			$ 1,411,252

6. Long-Term Debt (Continued)

Long-term debt activity for the fiscal year ended June 30, 2018 is summarized as follows (dollar amounts in thousands):

	2017	Additions	Payments/ Amortization	2018
2010 Sales Tax Revenue Refunding Bonds	$ 118,140	$ -	$ (118,140)	$ -
2012A Sales Tax Revenue Refunding Bonds	119,665	-	(29,425)	90,240
2012B Sales Tax Revenue Bonds	102,215	-	(88,605)	13,610
2015A Sales Tax Revenue Refunding Bonds	171,240	-	(15,585)	155,655
2016A Sales Tax Revenue Refunding Bonds	83,800	-	-	83,800
2017A Sales Tax Revenue Refunding Bonds	-	118,260	-	118,260
2017B Sales Tax Revenue Refunding Bonds	-	67,245	-	67,245
2007B General Obligation Bonds - Measure AA	4,050	-	(4,050)	-
2013C General Obligation Bonds - Measure AA	225,545	-	(19,815)	205,730
2015D General ObligationRefunding Bonds - Measure AA	276,805	-	(1,050)	275,755
2017E General Obligation Refunding Bonds - Measure AA	84,735	-	-	84,735
2017A General Obligation Bonds - Measure RR	300,000	-	(28,400)	271,600
	1,486,195	185,505	(305,070)	1,366,630
Add (less):				
Original issue premiums and discounts, net	170,497	24,814	(29,716)	165,595
Long-term debt, net of accumulated accretion and debt-related items	1,656,692	$ 210,319	$ (334,786)	1,532,225
Less: current portion of long-term debt	(77,130)			(50,835)
Net long-term debt	$ 1,579,562			$ 1,481,390

2010 Sales Tax Revenue Refunding Bonds (the 2010 Refunding Bonds)

On May 5, 2010, the District issued the 2010 Sales Tax Revenue Refunding Bonds, with a principal amount of $129,595,000 to provide sufficient funds to refund a portion of the 1998 Bonds with an aggregate principal amount of $143,825,000, to fund a deposit to the 2010 Refunding Bonds Reserve Account in the bond reserve fund and to pay costs of issuance of the 2010 Refunding Bonds. The District funded from its own funds the Bond Reserve Fund in the amount of $14,202,000. The 2010 Refunding Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues. In December 2017, the remaining outstanding principal balance of $115,095,000 were refunded using the funds set aside in the Bond Reserve Fund, along with other District funds, and from the proceeds of the 2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds.

6. Long-Term Debt (Continued)

2012 Series A Sales Tax Revenue Refunding Bonds (the 2012A Refunding Bonds)
On October 4, 2012, the District issued the 2012 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $130,475,000 and a premium of $23,439,000 to provide sufficient funds, along with $10,690,000 in other District funds, to refund $51,605,000 principal amount of the Association of Bay Area Governments BART SFO Extension Bond (Airport Premium Fare), 2002A Bonds, to refund the remaining balance of the 2001 Bonds with an aggregate principal amount of $41,745,000, to refund $63,615,000 principal amount of the 2006 Bonds, and to fund costs of issuance of the 2012A Refunding Bonds. The 2012A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues. In December 2017, a portion of the 2012A Refunding Bonds in the amount of $26,820,000 were refunded from the proceeds of 2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds. At June 30, 2019, the 2012A Refunding Bonds consist of serial bonds amounting to $63,610,000 with interest rates ranging from 4% to 5% with various maturity dates from July 1, 2019 to July 1, 2032, and a term bond with an interest rate of 5% in the amount of $23,585,000 with maturity dates from July 1, 2033 to July 1, 2036.

2012 Series B Sales Tax Revenue Bonds (the 2012B Bonds)
On October 4, 2012, the District issued the 2012 Series B Sales Tax Revenue Bonds, with a principal amount of $111,085,000 to provide financing for the Oakland International Airport Connector Project and to fund the costs of issuance. The 2012B Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues. In December 2017, a portion of the 2012B Bonds in the amount of $86,025,000 were refunded from the proceeds of the 2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds. At June 30, 2019, the 2012B Bonds consist of serial bonds amounting to $10,995,000 with interest rates ranging from 1.962% to 2.677% with various maturity dates from July 1, 2019 to July 1, 2022.

2015 Series A Sales Tax Revenue Refunding Bonds (the 2015A Refunding Bonds)
In October 2015, the District issued the 2015 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $186,640,000 and a premium of $31,350,000 to, along with other District funds, provide sufficient funds to (1) refund $231,250,000 principal amount of the District's 2005 Refunding Bonds; (2) refund $720,000 principal amount of the District's 2006 Bonds; and (3) fund costs of issuance associated with the 2015A Refunding Bonds. The 2015A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. At June 30, 2019, the 2015A Refunding Bonds consist of serial bonds amounting to $139,840,000 with interest rates of 5%, with various maturity dates from July 1, 2019 to July 1, 2034.

6. Long-Term Debt (Continued)

2016 Series A Sales Tax Revenue Refunding Bonds (the 2016A Refunding Bonds)

In August 2016, the District issued 2016 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $83,800,000 and a premium of $11,855,000 to provide sufficient funds, along with other District funds, to (1) refund $94,450,000 principal amount of the District's 2006A Refunding Bonds, and (2) to fund costs of issuance associated with the 2016A Refunding Bonds. The 2016A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. At June 30, 2019, the 2016A Refunding Bonds consist of serial bonds amounting to $83,800,000 with interest rates ranging from 2.125% to 5.0%, with various maturity dates from July 1, 2019 to July 1, 2036.

2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds (the 2017A Green Bond Refunding Bonds and 2017B Green Bond Refunding Bonds)

In December 2017, the District issued 2017 Series A Sales Tax Revenue Refunding Bonds with a principal amount of $118,260,000 and 2017 Series B Sales Tax Revenue Refunding Bonds with a principal amount of $67,245,000 to provide sufficient funds, along with other District funds, to (1) refund all of the outstanding principal balance amounting to $115,095,000 of the District's 2010 Sales Tax Refunding Bonds, refund a portion of the outstanding principal balance amounting to $26,820,000 of the District's 2012 Series A Sales Tax Refunding Bonds, and refund a portion of outstanding principal balance amounting to $86,025,000 of the District's 2012 Series B Sales Tax Revenue Bonds and 2) fund costs of issuance associated with the 2017 Series A and 2017 Series B Refunding Bonds. The 2017A Green Bond Refunding Bonds and 2017B Green Bond Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. At June 30, 2019, the 2017A Green Bond Refunding Bonds consist of serial bonds amounting to $118,260,000 with interest rates ranging from 3% to 5%, with various maturity dates from July 1, 2023 to July 1, 2034; the 2017B Green Bond Refunding Bonds consist of serial bonds amounting to $66,045,000 with interest rates ranging from 2.011 % to 2.621% with various maturity dates from July 1, 2019 to July 1, 2023. The refunding resulted in an economic gain of $22,554,000 and cash flow savings of $65,267,000.

6. Long-Term Debt (Continued)

2007 Measure AA General Obligation Bonds (the 2007B Measure AA GO Bonds)
On July 25, 2007, the District issued the 2007 Series B Measure AA General Obligation Bonds (Election of 2004), with a principal amount of $400,000,000. The 2007B Measure AA GO Bonds constitute the second issue of the total authorized amount of general obligation bonds issued pursuant to the Measure AA duly authorized by at least two-thirds of the qualified voters of the District. The 2007B Measure AA GO Bonds were issued to finance earthquake safety improvements to BART facilities in the three BART counties, including strengthening tunnels, bridges, overhead tracks and the underwater Transbay Tube. The 2007B Measure AA GO Bonds are general obligations of the District payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2007B Measure AA GO Bonds. In October 2015, a portion of the 2007B Measure AA GO Bonds, in the amount of $265,735,000, were advance refunded from the proceeds of the 2015D Measure AA GO Bonds. In June 2017, a large portion of the remaining outstanding 2007B Measure AA GO Bonds, in the amount of $93,780,000, were refunded from the proceeds of the 2017E Measure AA GO Bonds. In fiscal year 2018, the remaining outstanding 2007B Measure AA GO Bonds of $4,050,000 was fully paid.

2013 Measure AA General Obligation Bonds, Series C (the 2013C Measure AA GO Bonds)
On November 21, 2013, the District issued the 2013 Series C Measure AA General Obligation Bonds, with a principal amount of $240,000,000. The 2013C Measure AA GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2013C Measure AA GO Bonds. The 2013C Measure AA GO Bonds constitute the third issue of general obligation bonds issued pursuant to the Measure AA authorization to provide financing for earthquake safety improvements to District facilities in the Three District Counties, including strengthening tunnels, bridges, overhead tracks, the underwater Transbay Tube and the Berkeley Hills Tunnel.

At June 30, 2019, the 2013C Measure AA GO Bonds consist of $167,555,000 in serial bonds due from August 1, 2019 to August 1, 2033 with interest ranging from 3% to 5%, and term bonds totaling $20,125,000 with interest of 5% due in August 1, 2037. The serial bonds maturing on or after August 1, 2024 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2023, at the principal amount called for redemption, without premium, plus accrued interest. The term bonds are also subject to mandatory sinking fund redemption on August 1 beginning 2034, at the principal amount, without premium, plus accrued interest.

6. Long-Term Debt (Continued)

2015 Measure AA General Obligation Bonds Refunding Series D (the 2015D Measure AA Refunding GO Bonds)

In October 2015, the District issued the 2015 Series D Measure AA Refunding General Obligation Bonds, with a principal amount of $276,805,000 and a premium of $42,300,000. The 2015D Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2015D Measure AA Refunding GO Bonds. The purpose of the 2015D Measure AA Refunding GO Bonds is to apply the proceeds and refund $34,680,000, principal amount of the District's 2005A Measure AA Refunding GO Bonds and to advance refund $265,735,000 principal amount of the District's 2007B GO Bonds, and to pay costs of issuance of the 2015D Measure AA Refunding GO Bonds. The refunded bonds were issued to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

At June 30, 2019, the 2015D Measure AA Refunding GO Bonds consist of $274,670,000 in serial bonds due from August 1, 2019 to August 1, 2035 with interest ranging from 2% to 5%. The serial bonds maturing on or after August 1, 2026 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2025, at the principal amount of such 2015D Measure AA Refunding GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2015D Measure AA Refunding GO Bonds are called for redemption, the 2015D Measure AA Refunding GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2015D Measure AA Refunding GO Bonds of any given maturity are called for redemption, the portions of 2015D Measure AA Refunding GO Bonds of a given maturity shall be determined by lot.

2017 Measure AA General Obligation Bonds Refunding Series E (the 2017E Measure AA Refunding GO Bonds)

In June 2017, the District issued the 2017 Series E Measure AA Refunding General Obligation Bonds, with a principal amount of $84,735,000 and a premium of $9,341,000. The 2017E Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2017E Measure AA Refunding GO Bonds. The purpose of the 2017E Measure AA Refunding GO Bonds is to apply the proceeds, together with other District funds, to current refund $93,780,000, principal amount of the District's 2007B Measure AA Refunding GO Bonds and to pay costs of issuance of the 2017E Measure AA Refunding GO Bonds. The refunded bonds were issued to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

6. Long-Term Debt (Continued)

At June 30, 2019, the 2017E Measure AA Refunding GO Bonds consist of $80,280,000 in serial bonds due from 2020 to 2038 with interest ranging from 4% to 5%. The serial bonds maturing on or after August 1, 2036 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2027, at the principal amount of such 2017E Measure AA Refunding GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2017E Measure AA Refunding GO Bonds are called for redemption, the 2017E Measure AA Refunding GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2017E Measure AA Refunding GO Bonds of any given maturity are called for redemption, the portions of 2017E Measure AA Refunding GO Bonds of a given maturity shall be determined by lot.

After the issuance of the 2005A, 2007B, 2013C, 2015D, and the 2017E Measure AA GO Bonds, the remaining Measure AA General Obligation Bonds that can be issued by the District as authorized under Measure AA is $240,000,000.

2017 Measure RR General Obligation Bonds (the 2017A Measure RR GO Bonds)
In June 2017, the District issued the 2017 Series A Measure RR General Obligation Bonds with an aggregate principal amount of $300,000,000 and a premium of $35,641,000. The 2017A Measure RR GO Bonds were issued in 2 series, 2017A-1 Measure RR Bonds in the amount of $271,600,000 and 2017A-2 Measure RR Bonds (Federally Taxable) in the amount of $28,400,000. The 2017A Measure RR GO Bonds are part of a $3,500,000,000 authorization approved at an election held on November 8, 2016 (Election of 2016), by over two-thirds of the qualified voters of the District voting on a ballot measure ("Measure RR") titled "BART Safety, Reliability and Traffic Relief" to keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; reduce traffic congestion/pollution; and improve earthquake safety and access for seniors/disabled by replacing and upgrading 90 miles of severely worn tracks, tunnels damaged by water intrusion; 44-year old train control systems; and other acquisition or improvement of real property. The 2017A Measure RR GO Bonds constitute the first issue of general obligation bonds being issued pursuant to the Measure RR authorization. Proceeds from the 2017A Measure RR Bonds will be applied to (1) finance the projects described in Measure RR, and (2) pay a portion of the debt service on the 2017A Measure RR Bonds through February 1, 2018, including the debt service in full of the 2017A-2 Bonds.

The 2017A Measure RR GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2017A Measure RR GO Bonds.

6. Long-Term Debt (Continued)

At June 30, 2018, the outstanding principal balance of 2017A-2 bonds were fully paid. At June 30, 2019, the remaining outstanding principal balance of $267,030,000 related to the 2017A-1 Measure RR GO Bonds consist of $135,910,000 in serial bonds due from August 1, 2019 to August 1, 2037 with interest ranging from 2% to 5%, a $58,500,000 term bond with interest of 4% maturing in August 1, 2042, and a $72,620,000 term bond with interest of 5% maturing in August 1, 2047. The 2017A-1 serial bonds maturing on or after August 1, 2028 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2027, at the principal amount of such 2017A-1 Measure RR GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2017A-1 Measure RR GO Bonds are called for redemption, the 2017A-1 Measure RR GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2017A-1 Measure RR GO Bonds of any given maturity are called for redemption, the portions of 2017A-1 Measure RR GO Bonds of a given maturity shall be determined by lot. The 2017A-1 Term Bonds maturing on August 1, 2042 and August 1, 2047 are subject to mandatory sinking fund redemption beginning August 1, 2038, at a redemption price equal to the principal amount to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

After the issuance of the 2017A Measure RR GO Bonds, the remaining Measure RR General Obligation Bonds that can be issued by the District as authorized under Measure RR is $3,200,000,000.

Measure RR proceeds, uses and balances are listed below (dollar amounts in thousands):

2017A GO Bond proceeds		$ 300,000	
Project fund expenditures:			
Fiscal year 2017	$ 17,892		
Fiscal year 2018	87,435		
Fiscal year 2019	229,155	334,482	*
Remaining to be applied to subsequent bond issue - June 30, 2019		$ (34,482)	**

* Includes accrual of $35,000,000.

** The second tranche of Measure RR GO Bonds amounting to $360,000,000 was issued in August 2019 (2019 Series B). Actual amount expended in excess of the initial 2017A GO Bonds proceeds of $300,000,000 was reimbursed in fiscal year 2020 using 2019B GO Bond proceeds (Note 16).

6. Long-Term Debt (Continued)

The following are the major projects and related expenditures funded by proceeds from Measure RR GO Bonds issued through June 30, 2019 (dollar amounts in thousands):

Project	Description	Cumulative Expenditures through June 30, 2019
15CQ002	Rails, Ties, Fasteners Phase 3	$ 85,401
15EKRR1	TP-Switch Stations & Gap Break	37,779
15EJRR1	34.5 KV AC Cable Replacement	32,159
09EK300	Emergency Generator for TBT	15,784
15EJ450	M-Line 34.5 KV Replacement Phase.II	14,742
15TC002	Renewal of Tunnels &Structures	14,556
15CQ018	Rail Relay	9,601
49GH000	Train Control Modernization - CENGR	9,000
15CQ001	Rails, Ties, Fasteners 2	7,737
15CQ004	Track C55 Interlocking	6,211
09AF002	Replace Cross Pass Doors TBT Control	5,149
15ELRR3	Third Rail Replacement Phase 3	5,122
15ELRR1	MPR Install & Rectifier Rehab	4,833
15LK002	San Francisco Escalator Replacement	4,823
15EK600	Substation for Core Capacity	4,540
15EJ400	Traction Power Cables - M Line	3,974
15ST002	A Line Operability Feasibility Study	3,725
07GJ000	MacArthur Transit Improvements	3,489
15EK350	Substation Replacement/Installation Group II	3,309
15IIRR1	Stations, Emergency Lighting	3,098
49GH002	TCMP- Enabling Work	2,853
96DARR1	FTA Core Capacity	2,834
79NKRR1	Train Control Room UPS System	2,470
15CQ005	C35 Interlocking	2,435
01RQ100	HMC Phase 2 Preliminary Engineering	2,401
15TC011	Platform Edge Structure Rehabilitation	2,166
15CQ016	Direct Fixation Pads	2,155
54RR004	M&E Line Rail Equipment	2,025
05HA002	El Cerrito Del Norte Station Modernization	2,006
	Others	38,105
	Total	$ 334,482

Total Measure RR project costs reimbursed from bond proceeds since inception through June 30, 2019 amounted to $270,676,000.

6. Long-Term Debt (Continued)

Defeased Bonds

On various dates, the District issued bonds to refund certain outstanding sales tax revenue bonds previously issued by the District. In October 2015, $231,250,000 aggregate principal amount of the District's 2005 Refunding Bonds, and $720,000 aggregate principal amount of the 2006 Bonds were refunded from the proceeds of the 2015A Refunding Bonds. In October 2015, $34,680,000 aggregate principal amount of the District's 2005A Measure AA GO Bonds, and $265,735,000 aggregate principal amount of the 2007B Measure AA GO Bonds were refunded from the proceeds of the 2015D Measure AA Refunding GO Bonds. In August 2016, $94,450,000 principal amount of the District's 2006A Refunding Bonds were refunded from the proceeds of the 2016A Refunding Bonds. In June 2017, $93,780,000 principal amount of the District's 2007B Measure AA GO Bonds were refunded from the proceeds of the 2017E Measure AA Refunding GO Bonds. In fiscal year 2018, the 2017A Sales Tax Revenue Green Bond Refunding Bonds and 2017B Sales Tax Revenue Green Bond Refunding Bonds were issued in December 2017 to refund all of the outstanding principal balance amounting to $115,095,000 of the District's 2010 Sales Tax Refunding Bonds, refund a portion of outstanding principal balance amounting to $26,820,000 of the District's 2012 Series A Sales Tax Refunding Bonds, and refund a portion of outstanding principal balance amounting to $86,025,000 of the District's 2012 Series B Sales Tax Revenue Bonds.

On the above described defeasances, the District placed in irrevocable trusts, the required amounts to pay the future debt service payments on the defeased bonds. The advance refunding met the requirement of the in-substance debt defeasance, and the defeased bonds were removed from the District's long-term debt. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements.

At June 30, 2019 and 2018, the only outstanding defeased bonds are related to the 2010 Sales Tax Refunding Bonds, the 2012 Series A Sales Tax Refunding Bonds, and the 2012 Series B Sales Tax Revenue Bonds, which were refunded from the issuance of the 2017A and 2017B Green Bond Refunding Bonds in December 2017. The outstanding principal balance of the defeased Sales Tax Revenue Bonds were $224,775,000 and $227,940,000 as of June 30, 2019 and 2018, respectively. There were no outstanding defeased bonds associated with Measure AA General Obligation Bonds at June 30, 2019 and 2018.

Arbitrage Bonds

The District is subject to certain bond covenants, including the rules set forth by IRS Code Section 148a, which requires that interest earned on the proceeds of a tax-exempt bond issuance does not exceed the interest expense related to those bonds, which qualifies those bonds as arbitrage bonds. Any excess interest income is subject to a 100% tax and is payable to the Federal Government. The District has recorded an estimated arbitrage liability with a balance amounting to $4,000 in fiscal year 2019 and 2018, which is included in accounts payable and other liabilities in the statements of net position.

6. Long-Term Debt (Continued)

Pledge of Revenue to Repay Sales Tax Revenue Bonds

The District issues sales tax revenue bonds primarily to finance a portion of its capital projects. The sales tax revenue bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues derived from a seventy-five percent (75.0%) portion of a transactions and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco in an amount equal to one-half of one percent (0.5%) of gross retail receipts. The sales tax revenue bonds outstanding as of June 30, 2019 consist of the 2012A Refunding Bonds, the 2012B Bonds, 2015A Refunding Bonds, the 2016A Refunding Bonds, the 2017A Green Bond Refunding Bonds, and the 2017B Green Bond Refunding Bonds. Interest on the sales tax revenue bonds are payable on January 1 and July 1 of each year, and the principal is payable on July 1 of the scheduled year until July1, 2036. The total principal and interest remaining on these sales tax revenue bonds is $689,464,000 as of June 30, 2019 ($734,595,000 as of June 30, 2018), which is 11.29% in 2019 (10.86% in 2018) of the total projected sales tax revenues of $6,104,747,000 as of June 30, 2019 covering the period from fiscal year 2020 through fiscal year 2037 based on the last scheduled bond principal payment as of June 30, 2019 ($6,767,067,000 as of June 30, 2018 covering the period from fiscal year 2019 through fiscal year 2037 based on the last scheduled bond principal payment as of June 30, 2018).

The pledged sales tax revenues recognized in fiscal year 2019 was $280,385,000 ($257,883,000 in fiscal year 2018) as against a total debt service payment of $46,660,178 in fiscal year 2019, and $45,630,000 in fiscal year 2018.

Events of Default and Acceleration Clauses

The District is considered to be in default if the District fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If the District defaults on its obligations under the bond indenture, the Trust Agreements do not contain provision allowing for the accelerated provision in the event of a default in the payment of principal and interest on the GO Bonds and Sales Tax Revenue Bonds when due. In the event of a default by the District, each holder of the bonds will have the right to exercise the remedies, subject to the limitations thereon, set forth in the respective Trust Agreements.

6. Long-Term Debt (Continued)

Debt Repayments

The following is a schedule of long-term debt principal and interest payments required for sales tax revenue bonds as of June 30, 2019 (dollar amounts in thousands):

Sales Tax Revenue Bonds

Year ending June 30:	2012A Refunding Bonds Principal	2012A Refunding Bonds Interest	2012B Bonds Principal	2012B Bonds Interest	2015A Refunding Bonds Principal	2015A Refunding Bonds Interest
2020	$ 3,255	$ 4,204	$ 2,660	$ 236	$ 7,405	$ 6,807
2021	3,565	4,051	2,715	178	7,785	6,427
2022	3,865	3,903	2,775	111	2,675	6,166
2023	4,175	3,721	2,845	38	2,795	6,029
2024	3,325	3,534	-	-	2,935	5,886
2025-2029	21,360	14,754	-	-	89,630	18,289
2030-2034	31,250	8,233	-	-	21,630	4,053
2035-2037	16,400	1,268	-	-	4,985	125
	$ 87,195	$ 43,668	$ 10,995	$ 563	$ 139,840	$ 53,782

Year ending June 30:	2016A Refunding Bonds Principal	2016A Refunding Bonds Interest	2017A Refunding Bonds Principal	2017A Refunding Bonds Interest	2017B Refunding Bonds Principal	2017B Refunding Bonds Interest
2020	$ 3,135	$ 3,126	$ -	$ 5,652	$ 8,200	$ 1,506
2021	3,300	2,965	-	5,652	8,795	1,328
2022	3,465	2,796	-	5,652	15,995	1,042
2023	3,640	2,618	-	5,652	17,995	623
2024	3,835	2,431	9,185	5,423	15,060	197
2025-2029	22,170	9,211	65,605	18,041	-	-
2030-2034	26,270	5,351	38,485	5,031	-	-
2035-2037	17,985	942	4,985	75	-	-
	$ 83,800	$ 29,440	$ 118,260	$ 51,178	$ 66,045	$ 4,696

Year ending June 30:	Total Principal	Total Interest
2020	$ 24,655	$ 21,531
2021	26,160	20,602
2022	28,775	19,670
2023	31,450	18,682
2024	34,340	17,471
2025-2029	198,765	60,295
2030-2034	117,635	22,669
2035-2037	44,355	2,409
	$ 506,135	$ 183,329

6. Long-Term Debt (Continued)

Debt Repayments

The following is a schedule of long-term debt principal and interest payments required for general obligation bonds as of June 30, 2019 (dollar amounts in thousands):

Year ending June 30:	2013C Measure AA General Obligation Bonds		2015D Measure AA Refunding General Obligation Bonds		2017E Measure AA General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 18,100	$ 8,566	$ 1,115	$ 12,269	$ 5,220	$ 3,525
2021	18,185	7,760	1,165	12,223	6,125	3,242
2022	18,365	6,942	8,235	12,118	-	3,089
2023	10,985	6,268	9,235	11,897	-	3,089
2024	10,825	5,748	10,190	11,503	-	3,088
2025-2029	50,525	21,208	70,590	48,647	-	15,443
2030-2034	40,570	9,785	113,725	26,104	-	15,443
2035-2039	20,125	1,797	60,415	2,462	68,935	9,154
	$ 187,680	$ 68,074	$ 274,670	$ 137,223	$ 80,280	$ 56,073

Year ending June 30:	2017A Measure RR General Obligation Bonds		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	$ 4,750	$ 11,927	$ 29,185	$ 36,287
2021	4,940	11,708	30,415	34,933
2022	5,185	11,455	31,785	33,604
2023	5,445	11,271	25,665	32,525
2024	5,555	11,161	26,570	31,500
2025-2029	31,315	51,766	152,430	137,064
2030-2034	39,890	43,022	194,185	94,354
2035-2039	49,630	33,181	199,105	46,594
2040-2044	60,840	21,736	60,840	21,736
2045-2048	59,480	6,129	59,480	6,129
	$ 267,030	$ 213,356	$ 809,660	$ 474,726

7. Risk Management

The District is partially self-insured for workers' compensation, public liability and property damage claims. The self-insured retention for workers' compensation is $4,000,000 per accident and the limit of liability is $10,000,000. The self-insured retention for public liability and property damage is $5,000,000 for any one occurrence. Claims in excess of self-insured retentions are covered up to a total of $200,000,000 by insurance policies. There have been no settlement amounts during the past three years that have exceeded the District's insurance coverage.

The self-insurance programs are administered by independent claims adjustment firms. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities are discounted at a 3% rate, in part, upon the independent adjustment firms' estimate of reserves necessary for the settlement of outstanding claims and related administrative costs, and include estimates of claims that have been incurred but not yet reported, including loss adjustment expenses. Such reserves are estimated by professional actuaries through June 30 and are subject to periodic adjustments as conditions warrant.

The estimated liability for insurance claims at June 30, 2019 and 2018 is believed to be sufficient to cover any costs arising out of claims filed or to be filed for accidents occurring through that date. At June 30, 2019 and 2018, the estimated amounts of these liabilities were $61,776,000 and $58,964,000, respectively.

Changes in the reported liabilities since the beginning of the respective fiscal years are as follows (dollar amounts in thousands):

	2019	2018
Liabilities at beginning of year	$ 58,964	$ 55,951
Current year claims and changes in estimates	17,987	17,996
Payments of claims	(15,175)	(14,983)
Liabilities at the end of year	61,776	58,964
Less current portion	(20,670)	(20,505)
Net noncurrent portion	$ 41,106	$ 38,459

8. Federal Capital Contributions and Operating Financial Assistance

The U.S. Department of Transportation and other federal agencies provide capital funding to the District for construction projects, planning and technical assistance. Cumulative information for grants which were active during the fiscal years ended June 30, 2019 and 2018 are summarized as follows (dollar amounts in thousands):

	2019	2018
Total approved project costs	$ 1,545,248	$ 1,385,237
Cumulative amounts of project costs incurred and earned	$ 1,049,231	$ 921,226
Less: approved federal allocations received	(1,028,375)	(870,562)
Government receivables - Federal	$ 20,856	$ 50,664

The District's fleet replacement project consisting of construction for the A, B, C1 and C2 fleet replacement was formally launched in 2013. To set aside funding for this program, the District and MTC, on May 24, 2006, entered into the BART Car Replacement Funding Exchange Agreement. Under the agreement, MTC agrees to program federal funds to eligible BART projects that are ready to be delivered within the year of MTC's programming action. In exchange for MTC programming funds for ready-to-go BART projects, the District will deposit an equal amount of local unrestricted funds into a restricted account established to fund BART's car replacement program. MTC is the exclusive administrator of the restricted account and any withdrawal of funds from the account requires prior approval from the MTC Commission and the District's Board. MTC did not allocate Federal Section 5307 and 5337 Grants in fiscal year 2019 and 2018 to fund the District's preventive maintenance expenses. The restricted account for BART's car replacement program held by MTC, which is excluded from the District's financial statements, reported a balance of $394,862,000 and $385,307,000 as of June 30, 2019 and 2018, respectively.

9. State and Local Operating and Capital Financial Assistance

The District is eligible to receive local operating and capital assistance from the Transportation Development Act Funds (TDA). There was no TDA capital and operating assistance received in fiscal years 2019 or 2018. The District may also be entitled to receive state operating and capital assistance from STA. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies. The District was awarded STA operating allocations, which amounted to $250,000 in fiscal year 2015, $26,822,000 in fiscal year 2018, and $38,563,000 in fiscal year 2019. Of these allocations, $38,679,000 and $26,878,000 were earned in fiscal year 2019 and 2018, respectively. The District received an STA capital grant of $10,248,000 in fiscal year 2018, and $825,000 in fiscal year 2019. Of these allocations, the District earned $10,248,000 and $334,000 of STA capital revenues in fiscal year 2019 and 2018 respectively.

Beginning in fiscal year 2015, the District has applied and received an allocation from the Low Carbon Transit Operations Program (LCTOP). The LCTOP is one of several programs established by the California Legislature in 2014 through Senate Bills 862 (SB 862) and 852 (SB 852). The source of funds for LCTOP is from the state's Cap-and-Trade Program annual proceeds and was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Eligible projects and programs include new or expanded bus or rail services, expanded intermodal transit facilities, equipment acquisition, fueling, maintenance and other operating costs. The District received an allocation of $4,477,000 in fiscal year 2016, $2,066,000 in fiscal year 2017, and $5,636,000 in fiscal year 2018. These allocations were set aside by the District for the acquisition of new rail cars and the grant funds will be earned as revenue when capital expenditures are incurred. In fiscal year 2019, the total allocated amount of $12,179,000, including interest income earned of $75,000 on the funds set aside, were expended and corresponding revenues were recognized. The District did not receive any LCTOP allocation in fiscal year 2019.

The District receives Paratransit funds provided to cities and transit operators from Alameda County Transportation Commission (ACTC) Measure B funds to be used for services aimed at improving mobility for seniors and persons with disabilities. Beginning in April 2015, the ACTC also allocated to the District Measure BB funds to supplement the funding needed for the paratransit program. Additional Measure BB funds were also allocated to the District for transit operations, maintenance and safety programs. ACTC is the administrator of both Measure B and BB funds. The District's revenues that relate to the Measure B funds were $2,320,000 in fiscal year 2019 ($2,143,000 in fiscal year 2018). Revenues from Measure BB funds for transit operations were $793,000 in fiscal year 2019 ($729,000 in fiscal year 2018), and for paratransit operations, were $2,378,000 in fiscal year 2019 ($2,188,000 in fiscal year 2018). The District also received annual assistance for its paratransit program from the Contra Costa Transportation Authority Measure J funds. Revenues from Measure J funds received in fiscal year 2019 were $17,000 ($171,000 in fiscal year 2018).

9. State and Local Operating and Capital Financial Assistance (Continued)

On February 28, 2007, the District, San Mateo County Transit District (SamTrans), and MTC entered into a Tri-Party Financial Agreement (Agreement) establishing the operational and financial arrangement regarding the BART San Francisco International Airport Extension. To fund the operating costs of the SFO Extension, the Agreement provided that (1) the District would receive up-front funding of $24,000,000 from MTC and $32,000,000 from SamTrans from their shares of Proposition 1B funds; (2) the District would also receive 2.0% of the San Mateo County half cent sales tax, Measure A, which was reauthorized by the voters of San Mateo County in 2004, for 25 years beginning in fiscal year 2009; this amount is currently equal to approximately $1,600,000 per year; and (3) MTC shall allocate to the District additional STA revenue-based funds beginning in fiscal year 2009, which would otherwise be available for allocation to SamTrans as a result of the completion of the Traffic Congestion Relief Program projects, in an amount of $801,000 annually. The above funds will be used first to cover any operating deficit on the SFO Extension and then to complete SamTrans' funding commitment of $145,000,000 to the District's Warm Springs Extension Project. In December 2013, MTC adopted Resolution No. 4123, the Transit Core Capacity Challenge Grant Program, which re-directs the $145,000,000 of SFO Net Operating Revenues to BART's New Railcar Procurement Program.

The up-front funding of $24,000,000 from MTC was allocated to the District in 2008 in the form of Regional Measure 2 (RM2) revenues as a local match to capital projects funded by the Transit Capital Priorities Program. For the purpose of the Tri-Party Agreement, the District made up-front deposits equivalent to the RM2 revenues in the reserve account and MTC reimbursed the District with RM2 revenues, as the funds were earned. The District has received the full amount from MTC in fiscal year 2018. SamTrans' $32,000,000 contribution was funded with approximately $22,500,000 in Proposition 1B funds and $9,500,000 in a direct allocation.

As of June 30, 2019 and 2018, the balance of the reserve account is as follows (dollar amounts in thousands):

	2019	2018
Reserve account at beginning of year	$ 38,858	$ 36,486
Received/accrued	1,967	3,018
Add: Interest earnings	646	155
Total	41,471	39,659
Less: Amount used to cover SFO Extension operating shortfall	-	(801)
Reserve account at end of year	$ 41,471	$ 38,858

In accordance with the Tri-Party Financial Agreement, the District recognized contributions in fiscal year 2019 of $1,967,000 from SamTrans ($2,594,000 in fiscal year 2018) and none from MTC ($424,000 in fiscal year 2018).

PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4,000,000,000 to be deposited in the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA). Of this amount, $3,600,000,000 in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

9. State and Local Operating and Capital Financial Assistance (Continued)

The District has cumulatively received a total grant amount of $354,526,000 in PTMISEA grant funds to fund various BART capital projects. The grants received are in the form of cash for $349,011,000 and reimbursement grants for $5,515,000.

The following schedules show the changes in activities related to the PTMISEA grant funds during fiscal years 2019 and 2018 (dollar amounts in thousands):

2019	Grant Fund Balance at Beginning of Year	Grants Received	Project Costs Incurred	Grant Fund Balance at End of Year
eBART Extension	$ 267	$ -	$ 393	$ (126) [2]
Ashby Elevator	(31)	-	2	(33) [2]
Station Modernization	80,172	(6) [3]	16,332	63,834
Seismic Retrofit	(405)	-	-	(405) [2]
Oakland Airport Connector	(54)	-	-	(54) [2]
Warm Springs Extension	-	6 [3]	41	(35) [2]
Balboa Park Eastside	851	-	242	609
Berkeley Station Entrance	1,510	-	1,250	260
Access Improvements	1,571	-	921	650
Station Signage[1]	324	-	-	324
Train Control	3,864	-	1,446	2,418
	$ 88,069	$ -	$ 20,627	$ 67,442

2018	Grant Fund Balance at Beginning of Year	Grants Received	Project Costs Incurred	Grant Fund Balance at End of Year
eBART Extension	$ 567	$ -	$ 300	$ 267
Ashby Elevator	212	-	243	(31) [2]
Station Modernization	99,529	(58) [3]	19,299	80,172
Seismic Retrofit	(405)	-	-	(405) [2]
Oakland Airport Connector	(54)	-	-	(54) [2]
Warm Springs Extension	102	58 [3]	160	-
Balboa Park Eastside	3,291	-	2,440	851
Berkeley Station Entrance	3,373	-	1,863	1,510
Access Improvements	3,257	-	1,686	1,571
Station Signage[1]	911	-	587	324
Train Control	7,806	-	3,942	3,864
	$ 118,589	$ -	$ 30,520	$ 88,069

[1] This grant is on a reimbursement basis.
[2] Covered by interest earnings.
[3] Amount was reallocated from Station Modernization.

9. State and Local Operating and Capital Financial Assistance (Continued)

As of June 30, 2019 and 2018, the unused portion of PTMISEA grant funds received in cash are shown on the statements of net position as a component of unearned revenues as follows (dollar amounts in thousands):

	2019	2018
Cash available, end of year	$ 69,749	$ 88,462
Less: noncurrent portion	(49,406)	(59,082)
Net current portion	$ 20,343	$ 29,380

For the fiscal years ended June 30, 2019 and 2018, the PTMISEA funds had earned interest income of $5,434,000 and $3,740,000 from inception, respectively.

10. Employees' Retirement Benefits

Plan Description

All eligible employees participate in the Public Employees' Retirement Fund (the Fund) of CalPERS under the Miscellaneous Plan and the Safety Plan of the San Francisco Bay Area Rapid Transit District. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for 3,093 local public agencies and school districts within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Most employees become eligible for benefits after five years of service and 50 years of age (age 52 for employees hired after January 1, 2013, see paragraph below.) These benefit provisions and all other requirements are established by State statute and District contractual agreements.

Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), new members, defined as active members first hired on or after January 1, 2013, or who were hired after a break in service of more than six months, are required to contribute 50% of the "normal" pension cost. That amount is currently 13% of covered payroll for safety and 6.25% of covered payroll for miscellaneous. Represented employees were exempt from this provision; however, as a result of a court decision, they were determined to be covered effective December 30, 2014. There is currently a pending District Court case related to PEPRA's impact on represented employees which could alter the applicability of PEPRA to represented employees in the future.

Copies of CalPERS' annual financial report may be obtained from their Executive Office by writing or calling the Plan: California PERS, P.O. Box 942709, Sacramento, CA 94229-2709, (916) 326-3420. A separate report for the District's plan is not available.

Benefits Provided

The District provides service retirement and disability retirements, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The death benefit is as follows: The Basic Death Benefit for Miscellaneous employees and for Safety employees, it is the 4th level of 1959 Survivor Benefit.

10. Employees' Retirement Benefits (Continued)

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan		Safety Plan	
	Prior to	On or After	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	3.0% @ 50	2.70% @ 57
Benefit vesting schedule	5 years	5 years	5 years	5 years
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	62	50	57
Monthly benefits, as a percentage of eligible compensation	2.0%	2.0%	3.0%	2.7%
Required employee contribution rates	6.86%	6.25%	9.26%	13.00%
Required employer contribution rates	8.24%	8.24%	25.43%	25.43%

Starting in fiscal year 2018, in addition to the contributions noted above, employer contributions include additional unfunded liability payments, details of which are listed below (dollar amounts in thousands):

Unfunded Liability Payments:

Plan	2019	2018
Miscellaneous Plan	$ 34,570	$ 26,868
Safety Plan	8,137	6,915
Total	$ 42,707	$ 33,783

At June 30, 2019 and 2018, the following employees were covered by the benefit terms:

June 30, 2019	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	2,694	286
Inactive employees entitled to but not yet receiving benefits	85	3
Active employees	3,290	186
Total	6,069	475

June 30, 2018	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	2,584	275
Inactive employees entitled to but not yet receiving benefits	89	3
Active employees	3,158	184
Total	5,831	462

10. Employees' Retirement Benefits (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For fiscal year 2019, the average employee contribution rate for the Miscellaneous Plan is 6.856% and for the Safety Plan is 9.261% of their annual covered payroll. For employer's contribution, beginning in fiscal year 2018, CalPERS collects the employer contribution toward the plan's unfunded liability as a dollar amount instead of the prior method, which is based on a contribution rate. The District's actuarially determined employer contribution rate to cover the normal cost in fiscal year 2019 was 8.243% and 25.432% for Miscellaneous and Safety Plans, respectively, of annual covered payroll for the District's employees. Annual covered payroll amounted to $368,617,000 for the fiscal year ended June 30, 2019 for the District's employees. The District's total employer contribution in fiscal year 2019 amounted to $77,215,000, consisting of $34,508,000 for normal cost and $42,707,000 for payment of unfunded liability.

For fiscal year 2018, the average employee contribution rate for the Miscellaneous Plan is 6.904% and for the Safety Plan is 9.177% of their annual covered payroll. For employer's contribution, beginning in fiscal year 2018, CalPERS collects the employer contribution toward the plan's unfunded liability as a dollar amount instead of the prior method, which is based on a contribution rate. The District's actuarially determined employer contribution rate to cover the normal cost in fiscal year 2018 was 7.931% and 24.708% for Miscellaneous and Safety Plans, respectively, of annual covered payroll for the District's employees. Annual covered payroll amounted to $337,130,000 for the fiscal year ended June 30, 2018 for the District's employees. The District's total employer contribution in fiscal year 2018 amounted to $68,202,000, consisting of $34,419,000 for normal cost and $33,783,000 for payment of unfunded liability.

Net Pension Liability

The District's net pension liability for the Plans is measured as the total pension liability, less the pension plan's fiduciary net position. The Plans' net pension liability as of June 30, 2019 and 2018 were measured as of June 30, 2018 and 2017 (measurement date), using an annual actuarial valuation of June 30, 2017 and 2016, respectively. A summary of principle assumptions and methods used to determine the net pension liability is shown below.

10. Employees' Retirement Benefits (Continued)

Actuarial Assumptions

The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Reporting date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2018	June 30, 2018
Valuation date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial assumptions:		
Discount rate	7.150%	7.150%
Inflation	2.50%	2.50%
Payroll growth	3.00%	3.00%
Investment rate of return [1]	7.50%	7.50%
Mortality rate table [2]	Derived using CalPERS' Membership	Derived using CalPERS' Membership

[1] Net of pension plan investment and administrative expenses, including inflation.

[2] The probabilities of mortality are based on 2014 CalPERs Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

10. Employees' Retirement Benefits (Continued)

Actuarial Assumptions (Continued)

The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Reporting date	June 30, 2018	June 30, 2018
Measurement date	June 30, 2017	June 30, 2017
Valuation date	June 30, 2016	June 30, 2016
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial assumptions:		
Discount rate	7.150%	7.150%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Investment rate of return [1]	7.50%	7.50%
Mortality rate table [2]	Derived using CalPERS' Membership	Derived using CalPERS' Membership

[1] Net of pension plan investment and administrative expenses, including inflation.
[2] The probabilities of mortality are based on 2014 CalPERs Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

The underlying mortality assumptions and other actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of a January 2014 actuarial experience study for the period from 1997 to 2011. The Experience Study report can be obtained on the CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2019 and June 30, 2018 was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

10. Employees' Retirement Benefits (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flow. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short- term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

The target allocation for the June 30, 2019, using measurement date as of June 30, 2018 was as follows:

	Miscellaneous & Safety Plans		
Asset Class	**New Interim Target Allocation [1]**	**5 - Year Return Years 1 - 10**	**10 - Year Return Years 11+**
Public Equity	49%	5%	6%
Global Fixed Income	22%	1%	2%
Inflation Sensitive	6%	1%	2%
Private Equity	8%	6%	7%
Real Assets	12%	4%	5%
Liquidity	3%	0%	-1%
Total	100%		

[1] Effectively April, 2018

10. Employees' Retirement Benefits (Continued)

The target allocation for the June 30, 2018, using measurement date as of June 30, 2017 was as follows:

	Miscellaneous & Safety Plans		
Asset Class	New Interim Target Allocation [1]	5 - Year Return Years 1 - 10	10 - Year Return Years 11+
Public Equity	46%	12%	4%
Global Fixed Income	20%	3%	7%
Inflation Sensitive	9%	-2%	0%
Private Equity	8%	12%	9%
Real Assets	13%	10%	1%
Liquidity	4%	0%	1%
Total	100%		

[1] Effectively October 1, 2016.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the June 30, 2018 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate (dollar amounts in thousands):

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan			
Plan's Net Pension Liability (Asset)	$ 860,544	$ 568,103	$ 322,099
Safety Plan			
Plan's Net Pension Liability (Asset)	$ 177,397	$ 130,773	$ 92,431

The following presents the net pension liability of the Plan as of the June 30, 2017 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate (dollar amounts in thousands):

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan			
Plan's Net Pension Liability (Asset)	$ 861,762	$ 574,909	$ 334,078
Safety Plan			
Plan's Net Pension Liability (Asset)	$ 175,902	$ 130,594	$ 93,434

10. Employees' Retirement Benefits (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Change in Net Pension Liability

The following table shows the changes in the net pension liability for the miscellaneous plan for the fiscal year ended June 30, 2019, based on a measurement date of June 30, 2018 (dollar amounts in thousands):

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2018	$ 2,330,269	$ 1,755,360	$ 574,909
Changes during the year:			
Service cost	48,382	-	48,382
Interest on the total pension liability	163,858	-	163,858
Changes of assumptions	(16,469)	-	(16,469)
Differences between expected and actual experience	11,525	-	11,525
Net Plan to Plan resource movement	-	(7)	7
Contributions from the employer	-	52,106	(52,106)
Contributions from the employees	-	22,042	(22,042)
Net investment income	-	147,891	(147,891)
Benefit payments, including refunds of employee contributions	(115,594)	(115,594)	-
Administrative expense	-	(2,735)	2,735
Other miscellaneous income	-	(5,195)	5,195
Net Changes	91,702	98,508	(6,806)
Balance at June 30, 2019	$ 2,421,971	$ 1,853,868	$ 568,103

10. Employees' Retirement Benefits (Continued)

The following table shows the changes in the net pension liability for safety plan for the fiscal year ended June 30, 2019, based on measurement date of June 30, 2018 (dollar amounts in thousands):

Safety Plan	**Increase (Decrease)**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance at June 30, 2018	$ 329,801	$ 199,207	$ 130,594
Changes during the year:			
Service cost	7,563	-	7,563
Interest on the total pension liability	23,272	-	23,272
Changes of assumptions	(1,362)	-	(1,362)
Differences between expected and actual experience	1,241	-	1,241
Net Plan to Plan resource movement	-	3	(3)
Contributions from the employer	-	12,357	(12,357)
Contributions from the employees	-	2,136	(2,136)
Net investment income	-	16,940	(16,940)
Benefit payments, including refunds of employee contributions	(15,962)	(15,962)	-
Administrative expense	-	(311)	311
Other miscellaneous income	-	(590)	590
Net Changes	14,752	14,573	179
Balance at June 30, 2019	$ 344,553	$ 213,780	$ 130,773

10. Employees' Retirement Benefits (Continued)

The following table shows the changes in the net pension liability for the total of miscellaneous and safety plan for the fiscal year ended June 30, 2019, based on measurement date of June 30, 2018 (dollar amounts in thousands):

Total of Miscellaneous and Safety Plans

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2018	$ 2,660,070	$ 1,954,567	$ 705,503
Changes during the year:			
Service cost	55,945	-	55,945
Interest on the total pension liability	187,130	-	187,130
Changes of assumptions	(17,831)	-	(17,831)
Differences between expected and actual experience	12,766	-	12,766
Plan to Plan resource movement	-	(4)	4
Contributions from the employer	-	64,463	(64,463)
Contributions from the employees	-	24,178	(24,178)
Net investment income	-	164,831	(164,831)
Benefit payments, including refunds of employee contributions	(131,556)	(131,556)	-
Administrative expense	-	(3,046)	3,046
Other miscellaneous income	-	(5,785)	5,785
Net Changes	106,454	113,081	(6,627)
Balance at June 30, 2019	$ 2,766,524	$ 2,067,648	$ 698,876

10. Employees' Retirement Benefits (Continued)

The following table shows the changes in the net pension liability for miscellaneous plan for the fiscal year ended June 30, 2018, based on measurement date of June 30, 2017 (dollar amounts in thousands):

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	$ 2,117,291	$ 1,618,177	$ 499,114
Changes during the year:			
Service cost	45,264	-	45,264
Interest on the total pension liability	157,621	-	157,621
Changes of assumptions	120,524	-	120,524
Differences between expected and actual experience	(1,484)	-	(1,484)
Net Plan to Plan resource movement	-	12	(12)
Contributions from the employer	-	47,272	(47,272)
Contributions from the employees	-	20,144	(20,144)
Net investment income	-	181,091	(181,091)
Benefit payments, including refunds of employee contributions	(108,947)	(108,947)	-
Administrative expense	-	(2,389)	2,389
Net Changes	212,978	137,183	75,795
Balance at June 30, 2018	$ 2,330,269	$ 1,755,360	$ 574,909

10. Employees' Retirement Benefits (Continued)

Change in Net Pension Liability (Continued)

The following table shows the changes in the net pension liability for safety plan for the fiscal year ended June 30, 2018, based on measurement date of June 30, 2017 (dollar amounts in thousands):

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	$ 296,142	$ 180,806	$ 115,336
Changes during the year:			
Service cost	7,416	-	7,416
Interest on the total pension liability	22,274	-	22,274
Changes of assumptions	18,632	-	18,632
Differences between expected and actual experience	745	-	745
Net Plan to Plan resource movement	-	(14)	14
Contributions from the employer	-	11,742	(11,742)
Contributions from the employees	-	2,165	(2,165)
Net investment income	-	20,183	(20,183)
Benefit payments, including refunds of employee contributions	(15,408)	(15,408)	-
Administrative expenses	-	(267)	267
Net Changes	33,659	18,401	15,258
Balance at June 30, 2018	$ 329,801	$ 199,207	$ 130,594

The following table shows the changes in the net pension liability for the total of miscellaneous and safety plan for the fiscal year ended June 30, 2018, based on measurement date of June 30, 2017 (dollar amounts in thousands):

Total of Miscellaneous and Safety Plans

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	$ 2,413,433	$ 1,798,983	$ 614,450
Changes during the year:			
Service cost	52,680	-	52,680
Interest on the total pension liability	179,895	-	179,895
Changes of assumptions	139,156	-	139,156
Differences between expected and actual experience	(739)	-	(739)
Plan to Plan resource movement	-	(2)	2
Contributions from the employer	-	59,014	(59,014)
Contributions from the employees	-	22,309	(22,309)
Net investment income	-	201,274	(201,274)
Benefit payments, including refunds of employee contributions	(124,355)	(124,355)	-
Administrative expense	-	(2,656)	2,656
Net Changes	246,637	155,584	91,053
Balance at June 30, 2018	$ 2,660,070	$ 1,954,567	$ 705,503

10. Employees' Retirement Benefits (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2019 and 2018, the District incurred a pension expense of $110,170,000 and $112,982,000, respectively.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Pension contributions subsequent to measurement date	$ 64,169	$ -
Changes of assumptions	60,262	(14,013)
Differences between actual and expected experience	9,012	(971)
Net differences between projected and actual earnings on plan investments	4,261	-
Total	$ 137,704	$ (14,984)
Safety Plan		
Pension contributions subsequent to measurement date	$ 13,046	$ -
Changes of assumptions	7,340	(908)
Differences between actual and expected experience	1,519	-
Net differences between projected and actual earnings on plan investments	327	-
Total	$ 22,232	$ (908)
Total Miscellaneous and Safety		
Pension contributions subsequent to measurement date	$ 77,215	$ -
Changes of assumptions	67,602	(14,921)
Differences between actual and expected experience	10,531	(971)
Net differences between projected and actual earnings on plan investments	4,588	-
Total	$ 159,936	$ (15,892)

10. Employees' Retirement Benefits (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Pension contributions subsequent to measurement date	$ 56,040	$ -
Changes of assumptions	90,393	(9,364)
Differences between actual and expected experience	596	(2,486)
Net differences between projected and actual earnings on plan investments	22,307	-
Total	$ 169,336	$ (11,850)
Safety Plan		
Pension contributions subsequent to measurement date	$ 12,162	$ -
Changes of assumptions	12,986	(706)
Differences between actual and expected experience	2,933	-
Net differences between projected and actual earnings on plan investments	2,505	-
Total	$ 30,586	$ (706)
Total Miscellaneous and Safety		
Pension contributions subsequent to measurement date	$ 68,202	$ -
Changes of assumptions	103,379	(10,070)
Differences between actual and expected experience	3,529	(2,486)
Net differences between projected and actual earnings on plan investments	24,812	-
Total	$ 199,922	$ (12,556)

The District recognized the $68,202,000 deferred outflow for pension contribution after the measurement date in fiscal year 2018 as a reduction of pension liability in fiscal year 2019. The $77,215,000 deferred outflow for pension contribution after the measurement date in fiscal year 2019 will be recognized as a reduction of net pension liability in fiscal year 2020.

10. Employees' Retirement Benefits (Continued)

The deferred inflow and deferred outflow of resources as of June 30, 2019 related to pensions will be recognized in future pension expense as follows (dollar amounts in thousands):

Measurement Period Year Ending June 30,	**Miscellaneous Plan** Deferred Outflows/ (Inflows) of resources	**Safety Plan** Deferred Outflows/ (Inflows) of resources
2019	$ 49,566	$ 8,670
2020	33,457	2,233
2021	(19,493)	(2,054)
2022	(4,979)	(571)
Total	$ 58,551	$ 8,278

Payable to the Pension Plan
At June 30, 2019 and 2018, the District had $3,525,000 and $3,790,000 contributions payable outstanding to the pension plan, respectively.

11. Money Purchase Pension Plan

Most District employees participate in the Money Purchase Pension Plan (MPPP), which is a supplemental retirement defined contribution plan. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of eligible employees' annual compensation (up to $29,700 after deducting the first $133 paid during each month) up to a maximum annual contribution of $1,868 for all employees except those represented by BPOA and BPMA pursuant to their labor agreements effective January 1, 2010. An additional contribution to the MPPP equal to 1.627% of eligible compensation is provided to all employees except for represented sworn police officers. Payment of this additional contribution was also suspended for all CalPERS eligible individuals, with various effective dates, pursuant to labor agreements and District policy as a cost saving measure. These payments resumed on July 1, 2013. However, under the latest labor agreements with ATU, SEIU, and AFSCME, the District retained 0.0888% of the 1.627% contribution. The District also retained this same amount for non-represented employees. In addition, the District retained $37 per month of the 1.627% for ATU, SEIU, and AFSCME employees who elected medical to pay for medical premiums.

The annual compensation limit subject to the additional contribution is established by the Internal Revenue Code Section 401(a) (17). Each employee's account is available for distribution upon such employee's termination.

11. Money Purchase Pension Plan (Continued)

The District's total expense and funded contribution for this Plan for the years ended June 30, 2019 and 2018 were $11,964,000 and $10,962,000 respectively. The MPPP assets at June 30, 2019 and 2018 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were $342,381,000 and $336,394,000, respectively. At June 30, 2019, there were approximately 334 (219 in 2018) participants receiving payments under this plan.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing or calling: BART Investments Plans Committee, 300 Lakeside Drive, Oakland, California 94612, (510) 464-6238.

12. Other Postemployment Benefits

In addition to the retirement benefits described in Notes 10 and 11, and specified in the District's contractual agreements, the District provides certain other postemployment benefits ("OPEB") to employees, which may include medical benefits to retirees and surviving spouses, retiree life insurance, survivor dental and vision benefits, and medical benefits to survivors of active employees. Most employees who retire directly from the District or their surviving spouses are eligible for medical benefits if the employee retires at or after age 50 with a minimum of 5 years of service with the District, elects to take an annuity from CalPERS and makes a timely election of retiree medical.

In compliance with GASB requirements, the District accounts for OPEB on an accrual basis and created the Retiree Health Benefit Trust. The purpose of establishing the Trust is to facilitate the provision of medical benefits and other health and welfare benefits ("retiree medical benefits") for the qualifying retirees of the District; to provide the means for financing the costs and expenses of operating and administering such benefits; to hold Trust assets for the sole and exclusive purpose of providing benefits to participants and beneficiaries; and to defray the reasonable expenses of administering the Trust and designated plans. Assets placed into the Trust cannot be used for any other purposes and are not available to satisfy general creditors of the District. Under California state law, the restrictions on the use of any proceeds from liquidation of the Trust are significant enough to render the Trust effectively irrevocable. The Trust is administered by one or more Trustees appointed by the District's Board of Directors. Currently, the Board has appointed the District's Controller-Treasurer as the Trustee. The Trust issues a publicly available audited financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Retiree Health Benefit Trust, San Francisco Bay Area Rapid Transit District, 300 Lakeside Drive, P.O. Box 12688, Oakland, California 94604.

Currently, the Trust covers the funding only for the "retiree medical benefits", which include retiree medical benefits and medical benefits provided to widows and widowers of retirees. It does not fund the "additional OPEB" which includes the retiree life insurance premiums or the cost to the District of additional benefits available to survivors of employees and retirees who, at the time of hire, elected to contribute to a survivor health benefit program. Survivors of employees and retirees who elected this program and who continue to contribute are eligible for medical, dental and vision coverage at a cost of $15/mo. The District is currently in process of establishing a new trust for the additional OPEB.

12. Other Postemployment Benefits (Continued)

Basis of Accounting

The financial statements of the Trust are prepared using the accrual basis of accounting. The Trust recognizes contributions from the District in accordance with the provisions contained in the District collective bargaining agreements, as described briefly in the following discussion.

Method Used to Value Investments

Investments are reported at fair value as determined by the financial institutions, which have custody of the investments based on fair value measurements under GASB 72.

Funding Policy and Long-Term Contract for Contributions

The District's current collective bargaining agreements with its unions (CBA) describe the District's funding commitments to the Trust. Beginning in fiscal year 2008, the District funded the Trust with a "ramp up" (increasing) percentage of the "full" annual required contribution (ARC) in addition to funding the pay-as-you-go amount outside of the Trust every year for the following six years. Including fiscal years 2007 and 2008, this "ramp-up" contribution funded an eight-year period covering fiscal years 2006 through 2013. The CBAs include the baseline "ramp-up" percentages, which is the minimum amount that the District is committed to contribute to the Trust during the "ramp-up" period. The District commissions an actuarial study of the retiree medical insurance plan liabilities and funding needs, including the ARC, every year. The revised "ramp-up" percentage became the basis for the District's contribution to the Trust, except when it was less than the baseline "ramp-up" percentage. In addition, in fiscal year 2009 the District contributed into the Trust a lump sum make up payment reflecting the amounts it would have contributed for fiscal years 2006 and 2007, which was actuarially calculated at $14,629,000.

Beginning in fiscal year 2014, the District contributed to the Trust each pay period an amount equal to the full GASB compliant ARC. Also, effective on July 1, 2013, retiree medical insurance premiums and related administration fees are paid by the Trust.

Funding Policy

Employer contributions to the retiree health benefits plan are actuarially determined and amounted to $39,511,000 for fiscal year 2019 (including $4,306,000 implied subsidy). The actuarial valuation for fiscal year 2017 was used to determine the actuarially determined contribution for fiscal year 2019. The District also paid in fiscal year 2019 survivor benefits and life insurance premiums, on a pay as you go basis, amounting to $213,000 and $821,000 (including $679,000 implied subsidy), respectively.

Employer contributions to the retiree health benefits plan are actuarially determined and amounted to $35,569,000 for fiscal year 2018 (including $4,196,000 implied subsidy). The actuarial valuation for fiscal year 2016 was used to determine the actuarially determined contribution for fiscal year 2018. The District also paid in fiscal year 2019 survivor benefits and life insurance premiums, on a pay as you go basis, amounting to $329,000 and $679,000 (including $547,000 implied subsidy), respectively.

The District does not charge any administration cost to the Retiree Health Benefit Trust. For calendar years 2019 and 2018 most retirees paid $147.14 and $143.93 per month, respectively, for their share of the medical premium and the balance is paid by the District.

12. Other Postemployment Benefits (Continued)

GASB 75

Effective June 30, 2017, the District adopted GASB 75 where the District recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

The Net OPEB liability is measured as the difference between the District's total OPEB liability (for Retiree Medical Plan, Survivor Benefit and Retiree Life Insurance) and the plan's fiduciary net position, as of the measurement date.

Employer's Net OPEB Liability

The net OPEB liability as of June 30, 2019 and June 30, 2018 for the Retiree Medical Benefit, Survivor Benefit and Retiree Life Insurance totals $356,573,000 and $376,433,000, respectively, detail of which is presented below (dollar amounts in thousands):

Fiscal Year Ending	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2018
Retiree Medical Benefits		
Total OPEB Liability (TOL)	$ 625,195	$ 611,682
Fiduciary Net Position (FNP)	(340,470)	(305,851)
Net OPEB Liability	$ 284,725	$ 305,831
Survivor Benefit Plan		
Total OPEB Liability (TOL)	$ 34,220	$ 35,093
Fiduciary Net Position (FNP)	-	-
Net OPEB Liability	$ 34,220	$ 35,093
Retiree Life Insurance		
Total OPEB Liability (TOL)	$ 37,628	$ 35,509
Fiduciary Net Position (FNP)	-	-
Net OPEB Liability	$ 37,628	$ 35,509
Total		
Total OPEB Liability (TOL)	$ 697,043	$ 682,284
Fiduciary Net Position (FNP)	(340,470)	(305,851)
Net OPEB Liability	$ 356,573	$ 376,433

12. Other Postemployment Benefits (Continued)

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability
The total OPEB liability for retiree medical benefits were determined by actuarial valuations as of June 30, 2019 using the following actuarial assumptions:

Retiree Medical Benefits

	June 30, 2019 Measurement Date
Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	6.50% Plan assets projected to be sufficient to pay all benefits from the Trust
Long -term investment rate of return	6.50% at June 30, 2018
General inflation	2.75% per annum
Contribution Policy	Employer contributes full ADC
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2017
Health care costs trend rate	Non- Medicare-7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare- 6.5% for 2020, decreasing to an ultimate rate of 4.0% for 2076 and later years
Healthcare participation for future retirees	Medical coverage: 98% of safety and 88% of Miscellaneous future retirees elect coverage Retirees not eligible for BART Medical Subsidy: 60% participate Spouse Coverage: varies by bargaining unit, 56% to 90% 10% of waived retirees under age 65 on valuation date assumed to elect coverage at 65 Assumptions based on study of recent retiree

12. Other Postemployment Benefits (Continued)

The total OPEB liability for retiree medical benefits were determined by actuarial valuations as of June 30, 2018 using the following actuarial assumptions:

Retiree Medical Benefits

	June 30, 2018 Measurement Date
Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	6.50% Plan assets projected to be sufficient to pay all benefits from the Trust
Long -term investment rate of return	6.50% at June 30, 2018
General inflation	2.75% per annum
Contribution Policy	Employer contributes full ADC
Mortality, disability, termination, retirement	CalPERS 1997-2011 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2017
Health care costs trend rate	Non- Medicare-7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate rate of 4.0% for 2076 and later years
Healthcare participation for future retirees	Medical coverage: 98% of safety and 88% of Miscellaneous future retirees elect coverage Retirees not eligible for BART Medical Subsidy: 60% participate Spouse Coverage: varies by bargaining unit, 56% to 90% 10% of waived retirees under age 65 on valuation date assumed to elect coverage at 65 Assumptions based on study of recent retiree

12. Other Postemployment Benefits (Continued)

The total OPEB liability for survivor medical benefits were determined by actuarial valuations as of June 30, 2019 using the following actuarial assumptions:

Survivor Benefit Plan

	June 30, 2019 Measurement Date
Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.5% (Bond Buyer 20-year Bond Index)
Long -term investment rate of return	N/A at June 30, 2019
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2017
Salary increases	Aggregate - 3% Merit - CalPERS 1997-2015 experience study
Trend	Dental - 3.75% per year Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Participation	Current covered employees and retirees will continue paying premium for coverage. Future retirees will elect to be covered by District retiree healthcare benefits

12. Other Postemployment Benefits (Continued)

The total OPEB liability for survivor medical benefits were determined by actuarial valuations as of June 30, 2018 using the following actuarial assumptions:

Survivor Benefit Plan

	June 30, 2018 Measurement Date
Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.87%
Long -term investment rate of return	N/A at June 30, 2018
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2011 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-17
Salary increases	Aggregate - 3% Merit - CalPERS 1997-2011 experience study
Trend	Dental - 3.75% per year Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Participation	Current covered employees and retirees will continue paying premium for coverage. Future retirees will elect to be covered by District retiree healthcare benefits

12. Other Postemployment Benefits (Continued)

The total OPEB liability for retiree life insurance were determined by actuarial valuations as of June 30, 2019 using the following actuarial assumptions:

Retiree Life Insurance

	June 30, 2019 Measurement Date
Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.50%
Long -term investment rate of return	N/A at June 30, 2018
Municipal bonds	3.50% based on the bond buyer 20-year general obligation index as of June 30, 2019
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Salary increases	Aggregate - 3% Merit - CalPERS 1997-2015 experience study
Trend	N/A
Life insurance participation for future retirees	100%, except BPOA and BPMA
Changes of benefit terms	BPOA and BPMA members retiring on or after January 1, 2019 do not have life insurance benefits provided by the District, nor would they be eligible to purchase life insurance through the District plan.
Benefit valued	Valuation based on death benefit payable, not premiums No administrative expense included

12. Other Postemployment Benefits (Continued)

The total OPEB liability for retiree life insurance were determined by actuarial valuations as of June 30, 2018 using the following actuarial assumptions:

Retiree Life Insurance

	June 30, 2018 Measurement Date
Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.87%
Long -term investment rate of return	N/A at June 30, 2018
Municipal bonds	3.87% based on the bond buyer 20-year general obligation index as of June 30, 2018
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2011 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2017
Salary increases	Aggregate - 3% Merit - CalPERS 1997-2011 experience study
Trend	N/A
Life insurance participation for future retirees	100%
Benefit valued	Valuation based on death benefit payable, not premiums No administrative expense included

12. Other Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in Assumptions

Retiree Medical Benefits

The following presents the net OPEB liability of the Retiree Medical Benefits Plan as of the June 30, 2019 measurement date, calculated using the discount rate of 6.50%, and healthcare trend rate of 7.50% for non-Medicare and 6.50% for Medicare, decreasing to an ultimate rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (dollar amounts in thousands):

Discount Rate

	1% Decrease (5.50%)	Current Rate Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	$ 369,392	$ 284,725	$ 215,079

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 198,219	$ 284,725	$ 391,194

The following presents the net OPEB liability of the Retiree Medical Benefits Plan as of the June 30, 2018 measurement date, calculated using the discount rate of 6.50%, and healthcare trend rate of 7.50% for non-Medicare and 6.50% for Medicare, decreasing to an ultimate rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (dollar amounts in thousands):

Discount Rate

	1% Decrease (5.50%)	Current Rate Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	$ 388,366	$ 305,831	$ 237,792

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 221,470	$ 305,831	$ 409,217

12. Other Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in Assumptions (Continued)

Survivor Benefit

The following presents the net OPEB liability of the Survivor Benefit Plan as of the June 30, 2019 measurement date, calculated using the discount rate of 3.50%, and healthcare trend rate of 7.50% for non-Medicare and 6.50% for Medicare decreasing to an ultimate rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (dollar amounts in thousands):

Discount Rate

	1% Decrease (2.50%)	Current Rate Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	$ 46,910	$ 34,220	$ 30,851

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 30,654	$ 34,220	$ 47,523

The following presents the net OPEB liability of the Survivor Benefit Plan as of the June 30, 2018 measurement date, calculated using the discount rate of 3.87%, and healthcare trend rate of 7.50% for non-Medicare and 6.50% for Medicare decreasing to an ultimate rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (dollar amounts in thousands):

Discount Rate

	1% Decrease (2.87%)	Current Rate Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	$ 42,742	$ 35,093	$ 29,291

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 29,213	$ 35,093	$ 43,127

12. Other Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in Assumptions (Continued)

Retiree Life Insurance

The following presents the net OPEB liability of the Retiree Life Insurance Plan as of the June 30, 2019 measurement date, calculated using the discount rate of 3.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate. Healthcare trend rates are not applicable to the Retiree Life Insurance Plan (dollar amounts in thousands):

Discount Rate

	1% Decrease (2.50%)	Current Rate Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	$ 45,035	$ 37,628	$ 34,307

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 37,628	$ 37,628	$ 37,628

The following presents the net OPEB liability of the Retiree Life Insurance Plan as of the June 30, 2018 measurement date, calculated using the discount rate of 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate. Healthcare trend rates are not applicable to the Retiree Life Insurance Plan (dollar amounts in thousands):

Discount Rate

	1% Decrease (2.87%)	Current Rate Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	$ 42,180	$ 35,509	$ 30,275

Health care costs trend rate

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 35,509	$ 35,509	$ 35,509

12. Other Postemployment Benefits (Continued)

OPEB Expense

For the fiscal year ended June 30, 2019 and 2018, the District recognized OPEB expense of $36,564,000 and $42,328,000 respectively. The details of the OPEB expense were as follow (dollar amounts in thousands):

	Retiree Medical Benefit	Survivor Benefit	Life Insurance	Total
Fiscal year 2019	$ 35,491	$ 336	$ 737	$ 36,564
Fiscal year 2018	$ 39,748	$ 1,179	$ 1,401	$ 42,328

Employees covered by Benefit Terms*

At June 30, 2019 reporting date, the following numbers of employees were covered by the benefit terms:

	Retiree Medical Benefits	Survivor Benefits	Retiree Life Insurance
Inactives currently receiving benefits	2,429	235	-
Inactives entitled to but not yet receiving benefits	420	901	2,572
Active Employees	4,025	2,566	3,730
Total	6,874	3,702	6,302

At June 30, 2018 reporting date, the following numbers of employees were covered by the benefit terms:

	Retiree Medical Benefits	Survivor Benefits	Retiree Life Insurance
Inactives currently receiving benefits	2,492	237	-
Inactives entitled to but not yet receiving benefits	524	949	2,383
Active Employees	3,790	2,369	3,642
Total	6,806	3,555	6,025

*Coverage count based on the GASB 75 Accounting Information report prepared by actuary.

12. Other Postemployment Benefits (Continued)

Deferred Outflows/Inflows of Resources

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

Fiscal Year ending June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Retiree Medical Benefits		
Differences between actual and expected experience	$ -	$ 46,324
Changes of assumptions	25,403	-
Net difference between projected and actual earnings on plan investments	817	6,985
Employer contributions made subsequent to measurement date	-	-
Total	$ 26,220	$ 53,309
Survivor Benefit Plan		
Differences between actual and expected experience	$ -	$ 5,862
Changes of assumptions	1,677	11,907
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to measurement date	-	-
Total	$ 1,677	$ 17,769
Retiree Life Insurance		
Differences between actual and expected experience	$ 109	$ 344
Changes of assumptions	1,526	2,812
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to measurement date	-	-
Total	$ 1,635	$ 3,156
Combined Plan Total	$ 29,532	$ 74,234

12. Other Postemployment Benefits (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

Fiscal Year ending June 30, 2018	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Retiree Medical Benefits		
Differences between actual and expected experience	$ -	$ 28,414
Changes of assumptions	28,408	-
Net difference between projected and actual earnings on plan investments	-	9,997
Employer contributions made subsequent to measurement date	-	-
Total	$ 28,408	$ 38,411
Survivor Benefit Plan		
Differences between actual and expected experience	$ -	$ 863
Changes of assumptions	-	14,233
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to measurement date	-	-
Total	$ -	$ 15,096
Retiree Life Insurance		
Differences between actual and expected experience	$ 138	$ -
Changes of assumptions	-	3,862
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to measurement date	-	-
Total	$ 138	$ 3,862
Combined Plan Total	$ 28,546	$ 57,369

12. Other Postemployment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2019 will be recognized in future OPEB expense as follows (dollar amounts in thousands):

Year Ending June 30,	Deferred Outflows/ (Inflows) of resources
Retiree Medical Benefits	
2020	$ (7,078)
2021	(7,079)
2022	(5,026)
2023	(4,066)
2024	(3,840)
Thereafter	-
Total	$ (27,089)
Survivor Benefit	
2020	$ (3,015)
2021	(3,015)
2022	(3,015)
2023	(3,015)
2024	(2,368)
Thereafter	(1,664)
Total	$ (16,092)
Retiree Life Insurance	
2020	$ (779)
2021	(779)
2022	(330)
2023	153
2024	214
Thereafter	-
Total	$ (1,521)

12. Other Postemployment Benefits (Continued)

Net OPEB Liability/(Asset)

The following tables shows the changes in the net OPEB liability on retiree medical benefits for the fiscal years ended June 30, 2019 and 2018 (dollar amounts in thousands):

Retiree Medical Benefits	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018*	$ 611,681	$ 305,850	$ 305,831
Changes for the year			
Service cost	23,480	-	23,480
Interest	40,503	-	40,503
Changes of benefit terms	(1,224)	-	(1,224)
Difference between expected and actual experience	(29,522)	-	(29,522)
Change of assumptions	4,337	-	4,337
Contributions from the employer	-	39,511	(39,511)
Net investment income	-	19,355	(19,355)
Benefit payments, including refunds***	(24,060)	(24,060)	-
Administrative expense	-	(186)	186
Net Changes	13,514	34,620	(21,106)
Balance at June 30, 2019 **	$ 625,195	$ 340,470	$ 284,725

* Measurement date June 30, 2018
** Measurement date June 30, 2019
*** Includes $4,306,000 implied subsidy benefit payments for fiscal year 2019

Balance at June 30, 2017*	$ 573,597	$ 270,151	$ 303,446
Changes for the year			
Service cost	21,777	-	21,777
Interest	39,409	-	39,409
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(35,022)	-	(35,022)
Change of assumptions	35,015	-	35,015
Contributions from the employer	-	35,569	(35,569)
Net investment income	-	23,448	(23,448)
Benefit payments, including refunds***	(23,095)	(23,095)	-
Administrative expense	-	(223)	223
Net Changes	38,084	35,699	2,385
Balance at June 30, 2018 **	$ 611,681	$ 305,850	$ 305,831

* Measurement date June 30, 2017
** Measurement date June 30, 2018
*** Includes $4,196,000 implied subsidy benefit payments for fiscal year 2018

12. Other Postemployment Benefits (Continued)

Net OPEB Liability/(Asset) (Continued)

The following tables shows the changes in the net OPEB liability on survivor benefit for the fiscal years ended June 30, 2019 and 2018 (dollar amounts in thousands):

Survivor Benefit Plan	Increase (Decrease)		
	Total OPEB Liability	**Fiduciary Net Position**	**Net OPEB Liability (Asset)**
Balance at June 30, 2018**	$ 35,093	$ -	$ 35,093
Changes for the year			
Service cost	1,901	-	1,901
Interest	1,428	-	1,428
Changes of benefit terms	22	-	22
Difference between expected and actual experience	(5,946)	-	(5,946)
Change of assumptions	1,935	-	1,935
Contributions from the employer	-	213	(213)
Benefit payments, including refunds	(213)	(213)	-
Net Changes	(873)	-	(873)
Balance at June 30, 2019 ***	$ 34,220	$ -	$ 34,220
Balance at June 30, 2017*	$ 42,456	$ -	$ 42,456
Changes for the year			
Service cost	2,071	-	2,071
Interest	1,588	-	1,588
Difference between expected and actual experience	(1,017)	-	(1,017)
Change of assumptions	(9,676)	-	(9,676)
Contributions from the employer	-	329	(329)
Benefit payments, including refunds	(329)	(329)	-
Net Changes	(7,363)	-	(7,363)
Balance at June 30, 2018 **	$ 35,093	$ -	$ 35,093

* Measurement date June 30, 2017
** Measurement date June 30, 2018
*** Measurement date June 30, 2019

12. Other Postemployment Benefits (Continued)

Net OPEB Liability/(Asset) (Continued)

The following tables shows the changes in the net OPEB liability on retiree life insurance for the fiscal years ended June 30, 2019 and 2018 (dollar amounts in thousands):

Retiree Life Insurance	Increase (Decrease)		
	Total OPEB Liability	**Fiduciary Net Position**	**Net OPEB Liability (Asset)**
Balance at June 30, 2018**	$ 35,509	$ -	$ 35,509
Changes for the year			
Service cost	1,146	-	1,146
Interest	1,402	-	1,402
Changes of benefit terms	(1,032)	-	(1,032)
Difference between expected and actual experience	(414)	-	(414)
Change of assumptions	1,838	-	1,838
Contributions from the employer	-	821	(821)
Benefit payments, including refunds****	(821)	(821)	-
Net Changes	2,119	-	2,119
Balance at June 30, 2019***	$ 37,628	$ -	$ 37,628
Balance at June 30, 2017*	$ 34,490	$ -	$ 34,490
Changes for the year			
Service cost	1,158	-	1,158
Interest	1,264	-	1,264
Difference between expected and actual experience	167	-	167
Change of assumptions	(891)	-	(891)
Contributions from the employer	-	679	(679)
Benefit payments, including refunds****	(679)	(679)	-
Net Changes	1,019	-	1,019
Balance at June 30, 2018 **	$ 35,509	$ -	$ 35,509

* Measurement date June 30, 2017
** Measurement date June 30, 2018
*** Measurement date June 30, 2019
**** Includes implied subsidy benefit payments of $679,000 and $547,000 in fiscal year 2019 and 2018, respectively

13. Board of Directors' Expenses

Total Directors' expenses, consisting of travel and other business related expenses, for the fiscal year ended June 30, 2019 and 2018 amounted to $12,575 and $23,900, respectively.

14. Related Organizations and Joint Venture Projects

Capitol Corridor Joint Powers Authority

The Joint Exercise of Powers Agreement dated December 31, 1996, between the District and five other transportation authorities in surrounding counties (Agencies) provided for the creation of the Capitol Corridor Joint Powers Authority (CCJPA), a public instrumentality of the State of California. The CCJPA was formed for the purpose of administering and managing the operation of the Capitol Corridor Rail Service as part of the California intercity passenger rail system. The District is the managing agency of CCJPA and in that capacity, it provides all necessary administrative support to CCJPA. CCJPA entered into an Interagency Transfer Agreement with the State of California and assumed administration and operation commencing on July 1, 1998. The initial term of the Interagency Transfer Agreement was for three years beginning July 1, 1998 and was extended for three additional years effective July 1, 2001. In 2004, State legislation was enacted that eliminated the sunset date of the Interagency Transfer Agreement, which now exists indefinitely.

The governing board of CCJPA consists of sixteen members, of which six members are from the District and two members are from each of the five other Agencies. Neither the District nor the other Agencies are responsible for any debt, liabilities and obligations of CCJPA and the District would not be entitled to any of CCJPA's net assets should it terminate.

The District charged the CCJPA a total of $4,101,000 for marketing and administrative services during fiscal year 2019 and $3,967,000 during fiscal year 2018. In addition, CCJPA reimburses the District for its advances for capital project expenditures, overhead and other operating expenses. Reimbursements for expenses incurred by the District on behalf of and in providing services to the CCJPA are netted against the corresponding expense in the statements of revenues, expenses and changes in net position. Unreimbursed expenses and advances for capital project costs from CCJPA amount to $2,508,000 and $1,640,000 as of June 30, 2019 and 2018, respectively. All unreimbursed expenses and advances are included as current receivables and other assets in the statements of net position. As the District has no ownership involvement or ongoing financial interest or responsibility in CCJPA, its financial statements include only amounts related to the services and advances it provides to CCJPA.

East Bay Paratransit Consortium

In 1994, the District and the Alameda-Contra Costa Transit District (AC Transit) executed an agreement establishing the East Bay Paratransit Consortium (the Consortium). The purpose of the Consortium is to enable the District and AC Transit to jointly provide paratransit services in the overlapping service area of the District and AC Transit. Revenues and expenditures for the Consortium are split 31.0% and 69.0% between the District and AC Transit, respectively, except for program coordinator's expenses, which are split 50/50 starting in 2011. The District's financial statements reflect its portion of revenues and expenditures as operating activities. The District supported the project primarily through its own operating funds, with some financial assistance from Alameda County Measure B and BB funds and from the Contra Costa Transportation Authority Measure J funds (Note 9). The District has no equity interest in the Consortium.

14. Related Organizations and Joint Venture Projects (Continued)

Pleasant Hill BART Station Leasing Authority

In July 2004, the District, the County of Contra Costa (County) and the Contra Costa County Redevelopment Agency (Agency) entered into a Joint Exercise of Powers Agreement (JPA Agreement) to create the Pleasant Hill BART Station Leasing Authority (Pleasant Hill Authority). In 2012, the Agency was dissolved by California Assembly Bill ABx1 26, and the Pleasant Hill Authority now consists of the District and Contra Costa County. The Pleasant Hill Authority was created as a means of accomplishing the cooperation and coordination among the agencies to provide for the development of a mixed-used transit village located at BART's Pleasant Hill/Contra Costa Centre Station, which includes rental residential, retail and a future office development. The original lease to the Pleasant Hill Authority was for a 99-year term expiring on May 14, 2105. All subsequent leases will be conterminous with the May 14, 2105 date.

On June 30, 2009, the District received as ground lease payments for the full term of the lease, a cash base rent of $99 and a noncash base rent in the form of a newly constructed parking structure located at the Pleasant Hill BART station. The District accepted the completion of the new parking structure and became its new owner effective June 30, 2009. The replacement parking garage was recorded as a capital asset at a value of $51,236,000, which is its final construction cost as reported by its developer. As a result of the Agency's funding of the replacement parking garage, future sublease revenue will be split between the County and BART at 75.0% and 25.0%, respectively, after defeasance of the Agency's final incremental contribution to the parking garage project.

The District agreed that the rent on the 2nd Phase (Block C) of the Pleasant Hill/Contra Costa Centre Transit Village will be shared between the two JPA members, Contra Costa County and BART. The agreement stipulates that the District will receive 100% of the rental proceeds from the project, less the 10% adjustment by the County for their costs to administer and manage all records and accounting associated with the Transit Village up to $4.5M net present value, after which the sharing of revenue will revert to the 75/25 split.

The Pleasant Hill Authority is a public entity separate from any member and as such its debts, liabilities and obligations shall not be the debts, liabilities and obligation of any of the members. The governing body of the Pleasant Hill Authority is a Board of Directors consisting of four persons – two each from the County and the District.

Richmond Redevelopment Agency or Successor Agency

On April 11, 2002, the District entered into a Disposition and Development Agreement with Richmond Redevelopment Agency and Richmond Transit, LLC for the development of a mixed use transit village on the property owned by the Redevelopment Agency, the City of Richmond and BART.

The transit village will be developed in two phases. The first phase has been completed and consists of the development of the townhouses on the western side of the tracks, and a parking structure that includes retail space incorporated within the structure (the "Phase One Improvements").

The second phase will consist of the development of additional housing and the improvement of Nevin Avenue and the Nevin Avenue walkway on the eastern side of the Tracks (the "Phase Two Improvements").

14. Related Organizations and Joint Venture Projects (Continued)

The District had agreed to issue grant deeds to the developer pertaining to two parcels with approximate total size of 245,070 square feet in both the West side and the East side for the development projects. The agreement states that in exchange for the parcels, the Richmond Redevelopment Agency, at their expense, will construct a parking structure on the West side of BART's property, and transfer ownership of the garage to the District upon completion. The transfer of maintenance and responsibility to the District of the parking structure, which consisted of 750 parking spaces and approximately 9000 +/- square feet of commercial space, occurred in September 2014. As of June 30, 2017, only the parcel on the West side of the development project has been transferred by the District to the developer. The transfer of the parcel on the East side will occur upon the request of the City of Richmond and/or their designated developer once all prerequisites are met. Prerequisites include a fully entitled East Side development project. The transfer could occur in fiscal year 2020 or later.

The District allocated the value of the garage, which amounted to $36,260,000, between the two parcels. The total cost of the structure was recorded as part of capital assets. A gain of $6,012,000 was recognized in fiscal year 2015 pertaining to the value allocated to the West side parcel that was transferred to the developer, after deducting the cost. The allocated value pertaining to the East side parcel amounting to $30,110,000 was recognized as unearned revenue, pending the transfer, and is shown as part of noncurrent unearned revenue.

MacArthur Transit Village

On July 29, 2010, the District entered into a Purchase and Lease Option agreement with MacArthur Transit Community Partners LLC (Developer) pertaining to the development of the MacArthur Transit Village, a mixed-use, transit-oriented project, including affordable and market rate housing, retail/commercial and community space and replacement parking adjacent to the MacArthur BART Station.

The District owned a portion of the project's real property totaling approximately 7.76 acres that has been used to develop the project.

As a consideration for the purchase of parcels totaling 198,642 square feet and 99 year ground lease of a 34,404 square foot parcel, the Developer constructed a parking garage structure, funded in part by the Oakland Redevelopment Agency, with 450 BART parking spaces and approximately 5,200 square feet of retail spaces. The parking structure was completed and transferred to the District in September 2014. In addition to the parking structure, the project includes transit improvements to the BART station's plaza and frontage road. These improvements are also the responsibility of the Developer as part of the consideration for the land. The total value of the garage and the improvements amounted to $27,596,000 and were recognized as part of depreciable capital assets. $1,780,000 of the consideration was allocated to the 99 year term ground lease; and was recorded as deferred ground lease prior to 2017. The land transfers to the master developer's designated assignee developers have occurred on December 29, 2016 for Parcels A and C1 and on June 29, 2017 for Parcel B. The District recognized a gain from exchange of property of $24,839,000 resulting from the completion of required land transfers.

Using the City of Oakland Redevelopment Agency funds, the project acquired two parcels under the District's name which were used for the construction of the BART garage structure. The total consideration paid by the City of Oakland for the two parcels was $5,121,000. The costs of these parcels were recorded by the District as non-depreciable capital assets. The District also recognized a revenue (donated income) equivalent to the value of the land received.

14. Related Organizations and Joint Venture Projects (Continued)

South Hayward Transit Oriented Development

On June 18, 2012, the District and JMJ Development LLC (Developer) entered into an Option Agreement for a Transit Oriented Development (TOD). That agreement also includes the right to purchase approximately 1.65 acres of land from the District. The right to purchase was exercised in fiscal year 2014 for a total consideration of $692,000. Grant deed for the transfer was issued on October 8, 2014. The District recognized a gain of $620,000 from this sale. An Option Agreement between the District and the Developer provided further consideration to the District of a transfer benefit fee (TBF) which guarantees the District a perpetual revenue stream. The TBF amounts to a 1% assessment against successive transfers of each of the development units (i.e. unit sales) or a 1% annual assessment against Gross Annual Rental Revenue from rental of the units. A total of 206 market rate rental units were completed in 2017. This does not have an impact on the financial statements for the year ended June 30, 2017 since the TBF commences accrual in October 2019, the first anniversary of the project stabilization date.

South Hayward BART Station Access Authority

On September 1, 2011, the District entered into a Joint Exercise of Powers Agreement with the City of Hayward which provided for the creation of a public entity known as the South Hayward BART Station Access Authority (South Hayward JPA). The purpose of the South Hayward JPA is to manage and administer parking and access within the boundaries of the South Hayward JPA in an equitable and orderly fashion in order to promote transit-oriented development, support access to the station by District patrons, maximize BART ridership and protect the neighborhoods surrounding the South Hayward Station.

The governing board of the South Hayward JPA consists of four members, two each from the governing Board of the District and from the City of Hayward, appointed by the governing board of the District and the Hayward City Council, respectively. Neither the District nor the City of Hayward is responsible for any debt, liabilities and obligation of the South Hayward JPA.

The parking fees and traffic citation fees collected by the District for the South Hayward Station are transferred to the South Hayward JPA to cover maintenance and other expenses. Parking fees collected in fiscal year 2019 amounts to $552,000 ($547,000 in fiscal year 2018) and traffic citation fees collected in fiscal year 2019 amounts to $33,000 ($30,000 in fiscal year 2018). The District and the City of Hayward are entitled to reimbursement of operating and/or capital expenses incurred for the benefit of the South Hayward JPA. Net revenues will be used by the South Hayward JPA to implement parking and access projects in line with the objectives set forth in the Joint Exercise of Powers Agreement.

Regional Administrative Facility Corporation

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983 for the purposes of administering, operating, preserving, and controlling common areas and certain easements of the property known as the Regional Administrative Facility Project under the Condominium Plan and Declaration of Covenants, Condition, and Restrictions established by the following three owner occupants of the Project: the District, MTC, and the Association of Bay Area Governments (ABAG) (through its Association of Bay Area Governments Public Office Building Corporation).

Under the above Plan and Declaration, RAFC exercises a custodial responsibility on behalf of the owner occupants of the building located at 101 Eight Street, Oakland, California, to discharge operational obligations and to assess sufficient amounts to meet all required expenditures of the common areas and certain easements of the Project.

14. Related Organizations and Joint Venture Projects (Continued)

On January 27, 2017, the District entered into a Purchase Agreement with MTC for the acquisition of the land and building administered by the RAFC. As of June 22, 2017, the District became the sole owner of the property. The District paid a total amount of $18,224,000 net of assets and liabilities assumed as a result of the purchase. The District assumed ownership of RAFC to be able to continue the utilization of existing procurement contracts. For fiscal year 2019 and 2018, RAFC was managed by the District's Real Estate group. Formal dissolution of RAFC is expected to occur in fiscal year 2020.

Santa Clara Valley Transportation Authority

The BART Silicon Valley Extension (SVX) Program (formerly referred to as the Silicon Valley Rapid Transit, or SVRT Project) is a planned 16-mile extension of the regional BART system from BART's Warm Springs Station in Fremont, which opened in March, 2017, to the cities of Milpitas, San Jose and Santa Clara in the County of Santa Clara. The SVX Program is being financed and implemented by Santa Clara Valley Transportation Authority (VTA) in coordination with BART per the VTA – BART Comprehensive Agreement executed on November 19, 2001. The Comprehensive Agreement outlines the roles and responsibilities of the two agencies concerning the design, construction, financing, operation and maintenance of this extension. BART and VTA currently are negotiating an Operations and Maintenance Agreement which will more particularly describe their rights and responsibilities related to the operation of SVX upon commencement of revenue service.

The 16-mile extension is planned to include: six stations – one in Milpitas, four in San Jose and one in the city of Santa Clara; a five-mile tunnel in downtown San Jose and provision of a yard and shops at the end of the line in Santa Clara. The capital cost for the six station extension is estimated at $7.1 billion in Year-Of-Expenditure ("YOE") dollars. Construction of SVX is being implemented in phases.

The first phase, The Silicon Valley Berryessa Extension Project ("SVBX"), is under construction and comprises of a 10-mile extension of BART service with two stations – one in Milpitas and one in San Jose at Berryessa Road. The first phase, with an estimated capital cost of $2,420,000,000 in YOE dollars, was granted a FTA Full Funding Grant Agreement in March of 2012. SVBX is expected to start revenue service by early 2020.

The second phase, the Silicon Valley Santa Clara Extension Project ("SVSX"), is entering the design phase and will comprise 6-miles of the extension with four stations. VTA intends to submit to FTA an application for a Full Funding Grant Agreement in late 2019 and SVSX is forecasted to start revenue service by 2026.

In order to accommodate the new extension, among other things, BART is constructing a revenue vehicle primary maintenance facility at BART's Hayward Yard, is adding 60 new cars to the revenue vehicle fleet and is enlarging its Transit Operations Facility. BART expects to procure additional revenue vehicles in connection with SVSX and make other improvements to the core BART system as needed to accommodate the extension.

VTA has full financial responsibility for SVX project costs, including BART's costs, and the ongoing operating, maintenance and capital costs caused by operation of SVX, both those that occur within and/or outside Santa Clara County.

14. Related Organizations and Joint Venture Projects (Continued)

Northern California Power Agency (NCPA)

The operation of the BART system requires substantial electricity. The District's current annual electric energy requirement is approximately 425,000 megawatt-hours (MWh), with peak electric demand of approximately 85 megawatts (MW). With authorization granted under statute, the District currently procures its electric supply from wholesale resources with support from the Northern California Power Agency (NCPA), a Joint Powers Authority comprised of 16 public entities, including BART. To support the price stability of the District's long-term electric supply planning and budgeting, the Board authorized the District's participation in funding the planning and development activities of NCPA's Lodi Energy Center (LEC), a gas-fired generator commissioned in 2012. The District is a 6.6% equity share owner of NCPA's LEC. The Lodi facility is operated according to the needs of the California Independent System Operator (CAISO), the entity responsible for grid operations and facilitation of wholesale electric markets in California.

The District pays operations, maintenance, and fuel costs for its share of the facility, and receives a proportionate share of the revenues from the energy, capacity and ancillary services sold into wholesale electric markets.

15. Commitments and Contingencies

Litigation

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. It is the opinion of the District's management that the costs that might be incurred in the disposition of these matters, if any, would not materially affect the District's financial position.

Wholesale Electric Procurement

The District purchases electricity and other wholesale products to serve its electrical load requirements and satisfy various compliance obligations as a wholesale market participant. Existing contracts for electricity and other wholesale products currently extend as far as calendar year 2040 with a total remaining contract value of approximately $316,092,000 as of June 30, 2019. Contract values are subject to change over time as the District proceeds with its ongoing electric procurement activities.

Included in the above value are the contracts with NCPA, which are in place through calendar year 2036, with a total remaining contract value of $54,406,000 and $68,642,000 as of June 30, 2019 and June 30, 2018, respectively.

Operations and Maintenance Agreement for the Oakland International Airport Connector

On October 1, 2010, the District entered into an Operations and Maintenance Contract with Doppelmayr Cable Car, Inc., to operate and maintain the OAC for an amount not to exceed $4,907,000 (base service payment in 2009 dollars) annually for a period of twenty (20) years from revenue service date, subject to annual escalation based on Consumer Price Index. Total operating expenses incurred under this agreement amounts to $6,448,000 in fiscal year 2019 ($6,242,000 in fiscal year 2018). As part of the contract, the District is also required to deposit to a reserve account, an amount of $768,000 annually, subject to escalation, for Capital Asset Replacement Program (CARP). The District allocated to the CARP reserve account $991,000 and $951,000 in fiscal year 2019 and 2018, respectively. The CARP will cover all major maintenance and rehabilitation expenditures during the term of the Operations and Maintenance agreement. The OAC started revenue operations on November 22, 2014.

Lease Commitments

The District leases certain facilities under operating leases with original terms ranging from one to fifty years with options to renew.

15. Commitments and Contingencies (Continued)

Future minimum rental payments under noncancelable operating leases with initial or remaining lease terms of over one year at June 30, 2019 are as follows (dollar amounts in thousands):

Year ending June 30:	Operating Leases
2020	$ 19,219
2021	19,483
2022	4,470
2023	3,267
2024	3,106
2025-2029	14,831
2030-2034	12,500
2035-2039	12,500
2040-2044	12,500
2045-2049	12,500
2050-2054	9,792
Total minimum rental payments	$ 124,168

Rent expenses under all operating leases were $12,994,000 and $12,279,000 for the fiscal years ended June 30, 2019 and 2018, respectively.

Fruitvale Development Corp.
On October 1, 2001, the District entered into a ground lease agreement with Fruitvale Development Corporation (FDC) pertaining to 1.8 acres of land for the purpose of constructing thereon portions of a mixed-use development project commonly known as the Fruitvale Transit Village, which consists of approximately 250,000 square feet of commercial, community service and residential improvements. The lease agreement became effective December 9, 2003 and continues through January 31, 2077.

The terms of the lease require FDC to pay the District a Base Rent and a Percentage Rent. The Base Rent is a fixed amount determined at the inception of the lease subject to periodic CPI adjustments. Percentage Rent is calculated equal to 15.0% of annual net revenues, as defined in the ground lease agreement.

The District provided FDC a Rent Credit with an initial amount of $7,247,000, to acknowledge its assistance in obtaining grants for the construction of a Replacement BART Commuter Parking Garage near the Fruitvale Transit Village. The initial Rent Credit earned interest on the outstanding balance at simple interest based on the prime rate and can only be applied to satisfy the Base Rent.

15. Commitments and Contingencies (Continued)

In October 2010, there was a second amendment to the ground lease agreement, which recalculated the initial Rent Credit available to FDC as it relates to the replacement parking. The amount of the Replacement Parking Rent Credit was revised to $4,642,000, after a payment of $5,500,000 coming from the proceeds of the sale of land at the Fruitvale BART Station to the City of Oakland Redevelopment Agency. The second amendment also stated that no interest shall accrue on the revised Replacement Parking Rent Credit and that beginning on December 1, 2003 and continuing throughout the term of the ground lease, base rent and percentage rent shall be subtracted from the Replacement Parking Rent Credit balance, until there is no longer a positive Replacement Parking Rent Credit. The offset base rent for fiscal year 2019 and fiscal year 2018 amounted to $158,000 each year. The percentage rent offset for fiscal year 2019 is $25,000 ($28,000 in fiscal year 2018). The remaining balance in the Replacement Parking Rent Credit was $2,355,000 as of June 30, 2019 ($2,683,000 as of June 30, 2018).

Based on the agreement, FDC shall not be under any obligation to make any cash payment to the District for base rent and percentage rent at any time that the Replacement Parking Rent Credit still has a positive balance.

16. Subsequent Events

2019 Measure AA General Obligation Bonds Series F-1 and F-2 Green Bonds (the 2019F Measure AA GO Bonds)

On August 14, 2019, the District issued the 2019F Measure AA General Obligation Bonds, with an aggregate principal amount of $240,000,000. The 2019F Measure AA GO Bonds were issued in 2 series, 2019F-1 Measure AA Bonds in the amount of $205,100,000 and 2019F-2 Measure AA Bonds (Federally Taxable) in the amount of $34.900,000. The 2019F Measure AA GO Bonds constitute the last issue of general obligation bonds being issued pursuant to the $ 980,000,000 authorization approved at an election held on November 2, 2004, by at least two-thirds of the qualified voters of the District voting on a ballot measure (“Measure AA), titled “BART Earthquake Safety Bond”. The 2019F Measure AA GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2019F Measure AA GO Bonds. The purpose of the 2019F Measure AA GO Bonds is to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

16. Subsequent Events (Continued)

2019 Measure AA General Obligation Bonds Refunding Series G Green Bonds (the 2019G Measure AA Refunding GO Bonds)

On August 14, 2019, in addition to the issuance of the 2019F Measure AA GO Bonds, the District issued the 2019G Measure AA Refunding General Obligation Bonds, with a principal amount of $43,500,000. The 2019G Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2019G Measure AA Refunding GO Bonds. The purpose of the 2019G Measure AA Refunding GO Bonds is to apply the proceeds, together with other District funds, to refund $59,540,000 principal amount of the District's 2013C Measure AA GO Bonds and to pay costs of issuance of the 2019G Measure AA Refunding GO Bonds. The refunded bonds were issued to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

2019 Measure RR General Obligation Bonds Series B-1 and B-2 Green Bonds (the 2019B Measure RR GO Bonds)

On August 14, 2019, the District issued the 2019B Measure RR General Obligation Bonds with an aggregate principal amount of $360,000,000. The 2019B Measure RR GO Bonds were issued in 2 series, 2019B-1 Measure RR Bonds in the amount of $313,205,000 and 2019B-2 Measure RR Bonds (Federally Taxable) in the amount of $46,795,000. The 2019B Measure RR GO Bonds are part of a $3,500,000,000 authorization approved at an election held on November 8, 2016 (Election of 2016), by over two-thirds of the qualified voters of the District voting on a ballot measure ("Measure RR") titled "BART Safety, Reliability and Traffic Relief" to keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; reduce traffic congestion/pollution; and improve earthquake safety and access for seniors/disabled by replacing and upgrading 90 miles of severely worn tracks, tunnels damaged by water intrusion; 44-year old train control systems; and other acquisition or improvement of real property. The 2019G Measure RR GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2017A Measure RR GO Bonds. The 2019B Measure RR GO Bonds constitute the second issue of general obligation bonds being issued pursuant to the Measure RR authorization. Proceeds from the 2019B Measure RR Bonds will be applied to (1) finance the projects described in Measure RR, and (2) pay a portion of the debt service on the 2019B Measure RR Bonds.

After the issuance of the 2019B Measure RR GO Bonds, the remaining Measure RR General Obligation Bonds that can be issued by the District as authorized under Measure RR is $2,840,000,000.

2019 Series A Sales Tax Revenue Bonds (the 2019A Bonds)

In October 2019, the District issued the 2019 Series A Sales Tax Revenue Bonds, with a principal amount of $223,020,000 to (1) fund the acquisition, construction, renovation, improvement and equipping of facilities which will serve as the District's new headquarters; (2) fund capitalized interest through July 1, 2021; and (3) fund costs of issuance associated with the Series 2019A Bonds. The 2019A Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco.

16. Subsequent Events (Continued)

2019 Series B Sales Tax Revenue Refunding Bonds (the 2019B Refunding Bonds)
In October 2019, the District issued the 2019 Series B Sales Tax Revenue Refunding Bonds, with a principal amount of $80,290,000 to (1) refund a portion of the outstanding Series 2012A Bonds; and (2) pay costs of issuance of the 2019B Refunding Bonds. The 2019B Refunding Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco.

New BART Headquarters
On September 12, 2019, the Board of Directors approved the purchase of a newly renovated building located at 2150 Webster Street, Oakland California. The lease at BART's current headquarters at 300 Lakeside Drive expires in July 2021 and the cost of leasing the 369,000 square feet of office space on 14 floors with a boardroom in a separate building is set to increase by 60%.

The purchase price of the building is $142,000,000, while the build out of the work space, including a new BART Board room, all furniture, fixtures, equipment, and technology infrastructure and the cost to relocate will be $85,000,000, for a total amount of $227,000,000.

The entire cost is being financed by the 2019 Series A Sales Tax Revenue Bonds which will mature in 25 years. The District is expected to save at least $210,000,000 over that 25-year period by purchasing the building rather than staying at the Lakeside Drive location. Expected move is in the Spring of 2021.

Millbrae Transit Oriented Development
On August 8, 2019 the District entered into a Lease Option Agreement with Republic Millbrae LLC to separately ground lease four parcels for the development of a transit oriented mixed-use project. Subject to modifications, the project is anticipated to consist of (1) approximately 300 market rate apartment units (2) approximately 100 affordable apartment units (80 veterans preferred and 20 moderate income) (3) approximately 44,000 square feet of retail space (4) approximately 150,000 square feet of office space and (5) an approximately 160 room hotel. The ground lease term is for 99 years.

The District has evaluated subsequent events through November 26, 2019, the date that the financial statements were available to be issued. Other than the events aforementioned, there were no other subsequent events have occurred that would have a material impact on the presentation of the financial statements.

DEFINED BENEFIT PENSION PLAN

Schedule of Changes in Net Pension Liability and Related Ratios (dollar amounts in thousands) (Last 10 years)*

Miscellaneous

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 48,382	$ 45,264	$ 37,959	$ 36,151	$ 36,182
Interest on total pension liability	163,858	157,621	152,757	146,226	139,931
Changes of assumptions	(16,469)	120,524	-	(32,773)	-
Differences between expected and actual experience	11,525	(1,484)	1,193	(4,807)	-
Benefit payments, including refunds of employee contributions	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Net change in total pension liability	91,702	212,978	89,366	49,144	86,145
Total pension liability - beginning	2,330,269	2,117,291	2,027,925	1,978,781	1,892,636
Total pension liability - ending	$ 2,421,971	$ 2,330,269	$ 2,117,291	$ 2,027,925	$ 1,978,781
Plan fiduciary net position					
Contributions - Employer	52,106	47,272	$ 38,283	$ 32,466	$ 28,276
Contributions - Employee	22,042	20,144	18,174	17,818	21,375
Plan to Plan resource movement	(7)	12	(1)	(36)	-
Net investment income	147,891	181,091	8,747	37,388	251,137
Benefit payments, including refunds of employee contributions	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Administrative expense	(2,735)	(2,389)	(1,009)	(1,865)	-
Other miscellaneous income / (expenses)	(5,195)	-	-	-	-
Net change in fiduciary net position	98,508	137,183	(38,349)	(9,882)	210,820
Plan fiduciary net position - beginning	1,755,360	1,618,177	1,656,526	1,666,408	1,455,588
Plan fiduciary net position - ending	1,853,868	1,755,360	$ 1,618,177	$ 1,656,526	$ 1,666,408
Plan net pension liability - ending	$ 568,103	$ 574,909	$ 499,114	$ 371,399	$ 312,373
Plan fiduciary net position as a percentage of the total pension liability	76.54%	75.33%	76.43%	81.69%	84.21%
Covered payroll**	$ 307,661	$ 285,848	$ 264,024	$ 246,901	$ 240,171
Plan net pension liability as a percentage of covered payroll	184.65%	201.12%	189.04%	150.42%	130.06%

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB 68, therefore, only five years of information is shown.
** Based on actuarial report

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios (dollar amounts in thousands) (Last 10 years*) (Continued)

Safety

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 7,563	$ 7,416	$ 6,491	$ 5,935	$ 5,790
Interest on total pension liability	23,272	22,274	21,340	20,099	18,885
Changes of assumptions	(1,362)	18,632	-	(4,942)	-
Differences between expected and actual experience	1,241	745	4,387	4,794	-
Benefit payments, including refunds of employee contributions	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Net change in total pension liability	14,752	33,659	17,415	11,746	11,476
Total pension liability - beginning	329,801	296,142	278,727	266,981	255,505
Total pension liability - ending	$ 344,553	$ 329,801	$ 296,142	$ 278,727	$ 266,981
Plan fiduciary net position					
Contributions - Employer	12,357	11,742	$ 10,038	$ 9,428	$ 7,442
Contributions - Employee	2,136	2,165	1,854	1,917	2,817
Plan to Plan resource movement	3	(14)	1	1	-
Net investment income	16,940	20,183	924	4,015	27,150
Benefit payments, including refunds of employee contributions	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Administrative expense	(311)	(267)	(112)	(206)	-
Other miscellaneous income / (expenses)	(590)	-	-	-	-
Net change in fiduciary net position	14,573	18,401	(2,098)	1,015	24,210
Plan fiduciary net position - beginning	199,207	180,806	182,904	181,889	157,679
Plan fiduciary net position - ending	213,780	199,207	$ 180,806	$ 182,904	$ 181,889
Plan net pension liability - ending	$ 130,773	$ 130,594	$ 115,336	$ 95,823	$ 85,092
Plan fiduciary net position as a percentage of the total pension liability	62.05%	60.40%	61.05%	65.62%	68.13%
Covered payroll**	$ 20,809	$ 20,420	$ 19,738	$ 17,941	$ 17,377
Plan net pension liability as a percentage of covered payroll	628.44%	639.54%	584.33%	534.10%	489.68%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actual Assumptions December 2017. There was no change in the discount rate. In 2017, the accounting discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes in assumptions. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50% discount rate.

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Schedule of Employer Pension Contributions (dollar amounts in thousands) (Last 10 years)*

	Miscellaneous					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 64,169	$ 56,040	$ 46,709	$ 39,768	$ 32,756	$ 28,213
Contributions in relation to the actuarially determined contribution	(64,169)	(56,040)	(46,709)	(39,768)	(32,756)	(28,213)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 345,828	$ 315,184	$ 288,637	$ 265,778	$ 245,593	$ 226,893
Contribution as a percentage of covered payroll	18.56%	17.78%	16.18%	14.96%	13.34%	12.43%

	Safety					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 13,046	$ 12,162	$ 11,677	$ 10,658	$ 9,512	$ 7,423
Contributions in relation to the actuarially determined contribution	(13,046)	(12,162)	(11,677)	(10,658)	(9,512)	(7,423)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 22,789	$ 21,946	$ 20,953	$ 20,410	$ 19,741	$ 17,077
Contribution as a percentage of covered payroll	57.25%	55.42%	55.73%	52.22%	48.18%	43.47%

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB 68; therefore, only six years of information is shown.
** Based on actual payroll

Notes to Schedule of Pension Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019 were derived from the June 30, 2016 funding valuation reports, as presented below:

	Miscellaneous	**Safety**
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method/period	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually
Projected salary increase	3.20% to 12.20% depending on Age, Service and Type of Employment	3.70% to 15.00% depending on Age, Service and Type of Employment
Payroll growth	3% compounded annually	3% compounded annually
Discount Rate	7.375% compounded annually, net of Investment & Administrative Expenses	7.375% compounded annually, net of Investment & Administrative Expenses
Retirement age	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality [1]	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011

[1] Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Notes to Schedule of Pension Contributions (Continued)
The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal years 2018 and 2017 were derived from the June 30, 2015 and 2014 funding valuation reports, as presented below:

	Miscellaneous	Safety
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method/period	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually
Projected salary increase	3.20% to 12.20% depending on Age, Service and Type of Employment	3.70% to 15.00% depending on Age, Service and Type of Employment
Payroll growth	3% compounded annually	3% compounded annually
Discount Rate	7.50% compounded annually, net of Investment & Administrative Expenses	7.50% compounded annually, net of Investment & Administrative Expenses
Retirement age	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality [1]	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011

[1] Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

OTHER POST EMPLOYMENT BENEFITS

Schedule of Changes in Net OPEB Liability and Related Ratios (dollar amounts in thousands): **(Last 10 years *)**

Retiree Medical Benefits

Total OPEB liability	**FY 2019**	**FY 2018**	**FY 2017**
Service cost	$ 23,480	$ 21,777	$ 21,143
Interest	40,503	39,409	36,977
Changes of benefit terms	(1,224)	-	-
Difference beween expected and actual experience	(29,522)	(35,022)	-
Change of assumptions	4,337	35,015	-
Benefit payments, including refunds **	(24,060)	(23,095)	(22,396)
Net changes in total OPEB liability	13,514	38,084	35,724
Total OPEB liability- beginning	611,681	573,597	537,873
Total OPEB liability- ending	$ 625,195	$ 611,681	$ 573,597
Fiduciary net position			
Contributions from the employer	$ 39,511	$ 35,569	$ 28,912
Net investment income	19,355	23,448	26,497
Benefit payments, including refunds **	(24,060)	(23,095)	(22,396)
Administrative expense	(186)	(223)	(266)
Net changes in total fiduciary net position	34,620	35,699	32,747
Total fiduciary net position- beginning	305,850	270,151	237,404
Total fiduciary net position- ending	$ 340,470	$ 305,850	$ 270,151
Net OPEB liability	$ 284,725	$ 305,831	$ 303,446
Plan fiduciary net position as a percentage of the total OPEB liability	54.46%	50.00%	47.10%
Covered employee payroll	$463,124	$418,573	$372,887
Net OPEB liability as a percentage of covered employee payroll	61.48%	73.07%	81.38%

* This schedule is intended to show information for the past ten years. Additional years will be displayed as they become available.

** Includes implied subsidy benefit payments of $4,306,000, $4,196,000 and $3,900,000 in fiscal year 2019, 2018 and 2017, respectively.

Schedule of Changes in Net OPEB Liability and Related Ratios (dollar amounts in thousands): **(Last 10 years *)**

<u>Survivor Benefit Plan</u>

Total OPEB liability	**FY 2019**	**FY 2018**	**FY 2017**
Service cost	$ 1,901	$ 2,071	$ 2,559
Interest	1,428	1,588	1,396
Changes of benefit terms	22	-	-
Difference between expected and actual experience	(5,946)	(1,017)	-
Change of assumptions	1,935	(9,676)	(7,743)
Benefit payments, including refunds	(213)	(329)	(346)
Net changes in total OPEB liability	(873)	(7,363)	(4,134)
Total OPEB liability- beginning	35,093	42,456	46,590
Total OPEB liability- ending	$ 34,220	$ 35,093	$ 42,456
Fiduciary net position			
Contributions from the employer	$ 213	$ 329	$ 346
Benefit payments, including refunds	(213)	(329)	(346)
Net changes in total fiduciary net position	-	-	-
Total fiduciary net position- beginning	-	-	-
Total fiduciary net position- ending	$ -	$ -	$ -
Net OPEB liability	$ 34,220	$ 35,093	$ 42,456
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	7.39%	8.38%	11.39%

* This schedule is intended to show information for the past ten years. Additional years will be displayed as they become available.

Schedule of Changes in Net OPEB Liability and Related Ratios (dollar amounts in thousands):
(Last 10 years *)

Retiree Life Insurance

Total OPEB liability	**FY 2019**	**FY 2018**	**FY 2017**
Service cost	$ 1,146	$ 1,158	$ 1,401
Interest	1,402	1,264	1,101
Changes of benefit terms	(1,032)	-	-
Difference between expected and actual experience	(414)	167	-
Change of assumptions	1,838	(891)	(4,915)
Benefit payments, including refunds **	(821)	(679)	(685)
Net changes in total OPEB liability	2,119	1,019	(3,098)
Total OPEB liability - beginning	35,509	34,490	37,588
Total OPEB liability - ending	$ 37,628	$ 35,509	$ 34,490
Fiduciary net position			
Contributions from the employer **	$ 821	$ 679	$ 685
Benefit payments, including refunds **	(821)	(679)	(685)
Administrative expense			
Net changes in total fiduciary net position	-	-	-
Total fiduciary net position - beginning	-	-	-
Total fiduciary net position - ending	$ -	$ -	$ -
Net OPEB liability	$ 37,628	$ 35,509	$ 34,490
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	8.12%	8.48%	9.25%

* This schedule is intended to show information for the past ten years. Additional years will be displayed as they become available.

** Includes implied subsidy benefit payments $679,000 in fiscal year 2019, $547,000 in fiscal year 2018 and $542,000 in fiscal year 2017

Schedule of Employer OPEB Contributions (dollar amounts in thousands): (Last 10 years *)

Retiree Medical Benefits

	Fiscal year 2018/2019	Fiscal year 2017/2018	Fiscal year 2016/2017
Actuarially determined contribution (ADC)	$ 39,511	$ 35,569	$ 28,912
Contributions in relation to the actuarially determined contribution	(39,511)	(35,569)	(28,912)
Contribution deficiency / (excess)	$ -	$ -	$ -
Covered payroll **	$ 463,124	$ 418,573	$ 372,887
Contributions as a percentage of covered payroll	8.53%	8.50%	7.75%

Survivor Benefit Plan

	Fiscal year 2018/2019	Fiscal year 2017/2018	Fiscal year 2016/2017
Actuarially determined contribution (ADC)	$ 2,911	$ 2,672	$ 3,138
Contributions in relation to the actuarially determined contribution	(213)	(329)	(349)
Contribution deficiency / (excess)	$ 2,698	$ 2,343	$ 2,789
Covered payroll **	$ 463,124	$ 418,573	$ 372,887
Contributions as a percentage of covered payroll	0.05%	0.08%	0.09%

* This schedule is intended to show information for the past ten years. Additional years will be displayed as they become available.

** Based on actual payroll.

Schedule of Employer OPEB Contributions (dollar amounts in thousands): (Last 10 years *)

Retiree Life Insurance

	Fiscal year 2018/2019	Fiscal year 2017/2018	Fiscal year 2016/2017
Actuarially determined contribution (ADC)	$ 3,624	$ 3,071	$ 2,450
Contributions in relation to the actuarially determined contribution	(821)	(679)	(685)
Contribution deficiency / (excess)	$ 2,803	$ 2,392	$ 1,765
Covered payroll **	$ 463,124	$ 418,573	$ 372,887
Contributions as a percentage of covered payroll	0.18%	0.16%	0.18%

* This schedule is intended to show information for the past ten years. Additional years will be displayed as they become available.
** Based on actual payroll.

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2019 as follows:

Retiree Medical Benefits

Valuation date	June 30, 2017		
Actuary	Bartel Associates, LLC		
Actuarial cost method	Entry Age, level percentage of payroll		
Amortization Method	Level percent of payroll		
Amortization Period	16- year fixed period for 2017 valuation changes		
Asset Valuation Method	Market value of asset		
Discount Rate	6.50%		
General Inflation	2.75%		
Medical Trend		Increase from Prior Year	
	Year	Non-Medicare	Medicare
	2017	Actual Premiums	
	2018	Actual Premiums	
	2019	7.5%	6.5%
	2020	7.5%	6.5%
	2021	7.25%	6.3%
Mortality	CalPERS 1997-2011 Experience Study		
Mortality Improvement	Mortality projected fully generational Scale MP-2017		

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution (ADC) for fiscal year 2018 as follows:

Retiree Medical Benefits

Valuation date	June 30, 2016		
Actuary	Bartel Associates, LLC		
Actuarial cost method	Entry Age, level percentage of payroll		
Amortization Method	Level percent of payroll		
Amortization Period	17- year fixed period for fiscal year 2016 valuation changes		
Asset Valuation Method	Market value of asset		
Discount Rate	6.75%		
General Inflation	3.00%		
Medical Trend		Increase from Prior Year	
	Year	Non-Medicare	Medicare
	2016	Actual Premiums	
	2017	Actual Premiums	
	2018	6.5%	6.7%
	2019	6.0%	6.1%
	2020	5.5%	5.6%
	2021	5.0%	5.0%
Mortality	CalPERS 1997-2011 Experience Study		
Mortality Improvement	Mortality projected fully generational Scale MP-2014 modified to converge to ultimate rates in 2022		

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2017 as follows:

Retiree Medical Benefits

Valuation date	June 30, 2015
Actuary	Keenan/TCS Associates
Actuarial cost method	Entry Age, level percentage of payroll
Amortization Period	Level percent of payroll over closed 18 year period
Asset Valuation Method	Market value, no smoothing
Discount Rate	6.75%
General Inflation	2.75%
Other Assumptions	Same as for determining total OPEB liability, except for rates of retirement, medical trend, future retiree participation, and assumed spouse coverage percent.
Other	The implied subsidy was not included in this valuation

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2019 as follows:

Survivor Benefits

Valuation date	June 30, 2017
Actuary	Bartel Associates, LLC
Cost method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	23-year fixed (closed) period beginning June 30, 2017
Future New entrants	Closed group, no new hires
Valuation Assets	Equal to District's reserves
Discount Rate	6.50% - for Actuarial Accrued Liability (AAL) and ADC Expected rate of return on Retiree Health Benefit Trust
General Inflation	2.75%
Mortality, withdrawal, disability	CalPERS 1997-2011 Experience Study Mortality projected fully generational Scale MP-2017

Medical Trend

	Increase from Prior Year	
Year	Non- Medicare	Medicare
2017	Actual Premiums	
2018	Actual Premiums	
2019	7.5%	6.5%
2020	7.5%	6.5%
2021	7.25%	6.3%

Aggregate salary increases	3.00%. Used for level percent of payroll amortization and entry age allocation method only
Dental and Vision Trend	3.75% annual increases
Retiree Contribution Increase	$75/month contribution: 3% annually $37/month contribution: no future increase
Basis for Assumptions	No experience study performed for this plan CalPERS experience studies used, since covered employees are also in CalPERS plans Inflation based on the Plan's long time horizon Age-based claims are based on Society of Actuaries publication Mortality improvement based on Society of Actuaries table Participation and coverage based on plan experience

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for the fiscal year 2018 as follows:

Survivor Benefits

Valuation date	June 30, 2016
Actuary	Bartel Associates, LLC
Cost method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	21-year fixed (closed) period beginning June 30, 2016
Future New entrants	Closed group, no new hires
Valuation Assets	Equal to District's reserves
Discount Rate	4.0% - for Present Value of Benefits
General Inflation	3.0%
Mortality, withdrawal, disability	CalPERS 1997-2011 Experience Study Mortality projected fully generational Scale MP-2014 modified to converge to ultimate rates in 2022
Medical Trend	(see table below)

Year	Non- Medicare	Medicare
	Increase from Prior Year	
2016	Actual Premiums	
2017	Actual Premiums	
2018	6.5%	6.7%
2019	6.0%	6.1%
2020	5.5%	5.6%
2021	5.0%	5.0%

Aggregate salary increases	3.25%. Used for level percent of payroll amortization and entry age allocation method only
Dental and Vision Trend	4.0% annual increases
Retiree Contribution Increase	$75/month contribution: 3% annually $37/month contribution: no future increase
Basis for Assumptions	No experience study performed for this plan CalPERS experience studies used, since covered employees are also in CalPERS plans Mortality improvement based on Society of Actuaries table Participation and coverage based on plan experience

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2019 as follows:

Retiree Life Insurance

Valuation date	June 30, 2017
Actuary	Bartel Associates, LLC
Funding Policy	No current pre-funding Benefit paid from BART funds
General Inflation	2.75%
Discount Rate	3.75%
Payroll Increase	Aggregate Increases - 3.00% Merit Increases - CalPERS 1997-2011 Experience Study
Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	30-year fixed (closed) period beginning July 1, 2004 16- years remaining in July 1, 2018
Mortality, Disability, Withdrawal	CalPERS 1997-2011 Experience Study Mortality projected fully generational Scale MP-2017
Service Retirement	CalPERS 1997-2011 Experience Study Safety: Expected Retirement Age: 54.6 Miscellaneous: Expected Retirement Age: 60.3
Benefits Valued	Valuation based on death benefits payable. No administrative expense included
Basis for Assumptions	No experience study performed for this plan CalPERS experience studies used since covered employees are also in CalPERS plans. Mortality improvement based on slightly modified Society of Actuaries table Inflation based the Plan’s very long time horizon

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2018 as follows:

Retiree Life Insurance

Valuation date	June 30, 2016
Actuary	Bartel Associates, LLC
Funding Policy	No current pre-funding Benefit paid from BART funds
General Inflation	3.0%
Discount Rate	4.0%
Payroll Increase	Aggregate Increases - 3.25% Merit Increases - CalPERS 1997-2011 Experience Study
Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	30-year fixed (closed) period beginning July 1, 2004 17- years remaining in July 1, 2017
Mortality, Disability, Withdrawal	CalPERS 1997-2011 Experience Study Mortality projected fully generational Scale MP-2014 modified to converge to ultimate rates in 2022
Service Retirement	CalPERS 1997-2011 Experience Study Safety: Expected Retirement Age: 54 Miscellaneous: Expected Retirement Age: 60.2
Benefits Valued	Valuation based on death benefits payable. No administrative expense included
Basis for Assumptions	No experience study performed for this plan CalPERS experience studies used since covered employees are also in CalPERS plans. Mortality improvement based on slightly modified Society of Actuaries table Inflation based the Plan’s very long time horizon

Notes to Schedule of Employer Contribution

Methods and Assumptions for Actuarially Determined Contribution for fiscal year 2017 as follows:

Retiree Life Insurance

Valuation date	June 30, 2015
Actuary	Keenan/TCS Associates
Funding Policy	No current pre-funding Benefit paid from BART funds
General Inflation	2.8%
Discount Rate	4.25%
Payroll Increase	Aggregate Increases - 3.0%
Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	30-year fixed (closed) period beginning July 1, 2004 18- years remaining in July 1, 2016
Mortality, Disability, Withdrawal	CalPERS 1997-2011 Experience Study Post-retirement mortality projected with 20 years Scale BB Miscellaneous withdrawal: "Milliman 2012"
Service Retirement	Safety: 150% of CalPERS 1997-2007 Experience Study Expected Retirement Age: 52.7 Miscellaneous: Milliman 2012 Table Expected retirement Age: 62.2 Non-represented employees hired after December 31, 2012 have 0% probability for retirement prior to age 52
Benefits Valued	Valuation based on death benefits payable.

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APPENDIX C

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
STATEMENT OF INVESTMENT POLICY

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
STATEMENT OF INVESTMENT POLICY

SECTION I: INVESTMENT OBJECTIVES, SCOPE & SUITABILITY

The Controller-Treasurer of the District shall invest District funds in a manner that the Controller-Treasurer deems prudent, suitable, and advantageous under existing circumstances and in accordance with the following objectives, in order of priority:

1. Preservation of Capital – The investment portfolio should be structured to minimize the probability of a loss of principal value through adequate diversification of investments across a variety of security offerings, maturities, and financial institutions.

2. Liquidity- funds shall be invested only until date of anticipated need or for a lesser period. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets

3. Yield- generation of the best available return on investment without compromise of the first two objectives.

The priorities evidenced above are consistent with California Government Code Sections 53600.3 and 53600.5.

The District's investment policy shall also discourage the investment of funds in any institution or business which conducts operations or invests funds in any country whose laws discriminate against individuals based upon race, color, or creed.

To the extent that District funds are invested pursuant to a Trust Agreement or other Security Agreement, the provisions of such document will control the investment of the funds held hereunder.

SECTION II: GOVERNING AUTHORITY

The Controller-Treasurer may invest in Securities authorized by the California Public Utilities Code Sections 29100 through 29103; California Government Code Sections 53601, 53601.1 and 53635 and Board Resolution 2697 with the following exceptions: the Controller-Treasurer will not invest in financial or commodity futures, options contracts, medium-term corporate notes, or mutual funds unless specifically authorized by the Board. Should the provisions of respective Codes become more restrictive than those contained herein, such provisions will be considered as immediately incorporated into this investment policy.

SECTION III: AUTHORIZED INVESTMENTS

The Controller-Treasurer may invest in United States treasury notes, bonds, or bills for which the full faith and credit of the United States are pledged for the payment of principal and interest; Bonds, notes, bills, warrants or obligations issued by an agency of the United States; and Municipal Obligations issued by State or Local agencies, as authorized by California Government Code Section 53601. The term remaining to maturity of the investments may not exceed five years.

The Controller-Treasurer may invest in repurchase agreements and will accept as collateral only securities of the U.S. government and U.S. governmental agencies which have a market value, including accrued interest, equal to the amount of the repurchase agreement, as authorized by California Government Code Section 53601(j). The maturity date of the collateral may, however, be later than that required by Objective 2 above.

The Controller-Treasurer may invest in reverse repurchase agreements with a maturity of 90 days or less, as authorized by California Government Code Section 53601(j).

The Controller-Treasurer may invest in "swaps" defined as, the simultaneous buying and selling of a security of approximately the same maturity to increase yield, cash flow or to improve quality.

In addition to the securities authorized above, the Controller-Treasurer may invest in public time deposits in financial institutions having at least one branch within the District boundaries.

The Controller-Treasurer will accept as collateral securities authorized by the California Government Code Section 53651 (a) through (p) excluding subsection (m) promissory notes secured by first mortgages and first trust deeds. The Controller-Treasurer will require 110% collateralization, less the portion authorized by California Government Code Section 53653 on public time deposits, except for San Francisco Federal Home Loan Bank Letters of Credit, in which case the required collateralization will be 105%.

The Controller-Treasurer has the authority to waive the required collateralization and substitute Federal Deposit Insurance Corporation (FDIC) for the first $250,000 of the investment.

The Controller-Treasurer will continue to seek minority depository institutions, as defined by the Federal Government, for the placement of a portion of the District's funds.

The Controller-Treasurer may invest in money market mutual funds up to 20% of District funds eligible to be invested under California Government Code Section 53601. The money market mutual funds must carry a credit rating equal to or higher than U.S. Treasury securities and their portfolio must consist entirely of direct obligations of the U. S. Government, its agencies, or instrumentalities eligible, and repurchase agreements backed by such obligations.

The Controller-Treasurer may invest in the State of California Local Agency Investment Fund as authorized by California Government Code Sections 16429.1, 2, 3 & 4. up to 20% of District funds eligible to be invested under California Government Code 53601.

The Controller-Treasurer may invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American

Development Bank as authorized by California Government Code Section 53601 (q). These obligations may have a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO. The Controller-Treasurer may use up to 30% of District funds eligible to be invested under California Government Code Section 53601.

SECTION IV: REPORTING & ANNUAL REVIEW

The Controller-Treasurer shall report on the investments covered under this policy at least quarterly to the Board.

The foregoing defines the District's investment policies for calendar year 2017 and thereafter unless and until the policies are modified by the Controller-Treasurer and approved by the Board. The Controller-Treasurer shall review this policy annually and submit modifications to the Board when needed.

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APPENDIX D

THE ECONOMY OF THE THREE BART COUNTIES

The ongoing COVID-19 pandemic is expected to have a material adverse effect on the various statistics presented in this Appendix D, the extent of which is currently unknown and unpredictable. The historical data presented in this Appendix D should not be interpreted as a reflection of current or future economic conditions in the Three BART Counties or in the San Francisco Bay Area.

General

The San Francisco Bay Area (the "Bay Area") encompasses the nine counties which border San Francisco Bay. The Three BART Counties (the City and County of San Francisco, Alameda County and Contra Costa County) comprise a 1,512-square-mile central core of the nearly 7,000 square miles of land in the Bay Area. The City and County of San Francisco occupies approximately 49 square miles, while Alameda County and Contra Costa County are approximately 733 and 734 square miles in size, respectively. The San Francisco Bay Area Rapid Transit District (the "District" or "BART") service area also includes northern San Mateo County, adjacent to the southern border of San Francisco, and northern Santa Clara County, adjacent to the southern borders of San Mateo County and Alameda County. The surrounding six non-member counties, Marin, Sonoma, Napa and Solano to the north and San Mateo and Santa Clara to the south, provide reciprocal economic support, potential users and expansion area for the District's centrally located system. All capitalized terms used and not otherwise defined in this Appendix D shall have the meanings set forth in the front portion of this Official Statement.

The City and County of San Francisco occupies the tip of a peninsula situated between the Pacific Ocean and San Francisco Bay (the "Bay") and is separated from Marin County and other northerly counties by the Golden Gate, which forms the entrance to the Bay and is spanned by the Golden Gate Bridge. Alameda and Contra Costa Counties, bordering the east side of the Bay across from San Francisco, stretch eastward up to 40 miles beyond the series of hills between the Bay and the Central Valley (the Sacramento and San Joaquin Valleys) of California. Contra Costa County is bordered on the northwest by San Pablo Bay and the north by the Carquinez Strait and the extensive delta area of the Sacramento and San Joaquin Rivers, which empty into the Bay. Alameda County adjoins Santa Clara County at the southern end of the Bay. Linking the Bay Area are eight major toll bridges.

Sales taxes levied in the Three BART Counties are a principal source of District revenues. Sales tax revenues depend on economic activity and trends as well as the demographic characteristics of the Three BART Counties. Historical trends are summarized below and forecasts are presented for the population and employment of the Three BART Counties; **however, such historical trends and forecasts do not reflect the impact of the ongoing COVID-19 pandemic**.

Historical Population and Employment Trends

Table 1 shows historical population for cities within the Three BART Counties for the selected years between 2000 and 2020. Population in the Three BART Counties increased approximately 17.4% between 2000 and 2020 and approximately 1.5% between 2019 and 2020.

Table 1
HISTORICAL POPULATION
Alameda and Contra Costa Counties and City and County of San Francisco
2000, 2010 and 2017 through 2020

	2000[1]	2010[1]	2017[2]	2018[2]	2019[2]	2020[2]	% Change 2019-2020
Alameda County							
Alameda	72,259	73,812	78,945	78,980	81,618	81,312	(0.4)%
Albany	16,444	18,539	18,861	19,216	18,961	18,937	(0.1)
Berkeley	102,743	112,580	121,328	122,369	122,358	122,580	0.2
Dublin	30,023	46,036	59,500	61,874	64,132	65,716	2.5
Emeryville	6,882	10,080	11,883	11,871	12,041	12,298	2.1
Fremont	203,413	214,089	230,525	231,252	233,404	234,220	0.3
Hayward	140,030	144,186	158,290	158,693	160,197	160,311	0.1
Livermore	73,464	80,968	89,517	90,359	91,436	91,861	0.5
Newark	42,471	42,573	45,479	47,178	48,164	48,966	1.7
Oakland	399,566	390,724	430,482	431,373	430,753	433,697	0.7
Piedmont	10,952	10,667	11,368	11,368	11,468	11,453	(0.1)
Pleasanton	63,654	70,285	77,097	79,483	79,392	79,464	0.1
San Leandro	79,452	84,950	89,630	89,552	88,296	87,930	(0.4)
Union City	66,869	69,516	74,100	74,058	73,661	73,637	0.0
Other Areas	135,717	141,266	149,151	149,258	148,902	148,452	(0.3)
	1,443,939	1,510,271	1,646,156	1,656,884	1,664,783	1,670,834	0.4%
Contra Costa County							
Antioch	90,532	102,372	112,674	113,266	112,423	112,520	0.1%
Brentwood	23,302	51,481	60,583	62,140	64,365	65,118	1.2
Clayton	10,762	10,897	11,558	11,631	11,347	11,337	(0.1)
Concord	121,872	122,067	129,288	129,493	130,435	130,143	(0.2)
Danville	41,715	42,039	44,823	45,103	43,923	43,876	(0.1)
El Cerrito	23,171	23,549	24,971	25,192	24,852	24,953	0.4
Hercules	19,488	24,060	25,833	25,964	25,488	25,530	0.2
Lafayette	23,908	23,893	25,835	26,077	25,644	25,604	(0.2)
Martinez	35,866	35,824	38,233	38,406	37,424	37,106	(0.8)
Moraga	16,290	16,016	16,783	16,886	16,939	16,946	0.0
Oakley	25,619	35,432	40,355	40,949	41,979	42,461	1.1
Orinda	17,599	17,643	19,158	19,331	18,911	19,009	0.5
Pinole	19,039	18,390	19,371	19,458	19,563	19,505	(0.3)
Pittsburg	56,769	63,264	70,334	72,006	73,565	74,321	1.0
Pleasant Hill	32,837	33,152	34,850	34,969	34,286	34,267	(0.1)
Richmond	99,216	103,701	109,863	110,128	110,793	111,217	0.4
San Pablo	30,256	29,139	31,577	31,737	31,481	31,413	(0.2)
San Ramon	44,722	72,148	81,947	83,179	82,100	83,118	1.2
Walnut Creek	64,296	64,173	69,243	69,498	70,958	70,860	(0.1)
Other Areas	151,557	159,785	172,467	172,466	174,145	174,257	0.1
	948,816	1,049,025	1,139,746	1,147,879	1,150,621	1,153,561	0.3%
City and County of San Francisco	776,733	805,235	873,352	880,980	891,021	897,806	0.8%
Three BART Counties	3,169,488	3,364,531	3,659,254	3,685,743	3,706,425	3,722,201	1.5%

(1) As of April 1 of that year.
(2) As of January 1 of that year.
Source: For 2000-2010: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, California, November 2012; For 2017: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark. Sacramento, California, June 2020; For 2018-2020: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018, January 1, 2019, and January 1, 2020. Sacramento, California, June 2019.

Table 2-A shows historical nonagricultural employment for the Three BART Counties by industry sector in calendar year 2019 and Table 2-B shows total nonagricultural employment for those counties by industry sector in calendar years 2009 and 2019.

Table 2-A
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Year 2019
(Not Seasonally Adjusted)

	Alameda County		Contra Costa County		City and County of San Francisco	
	Number	**Percent[2]**	**Number**	**Percent[2]**	**Number**	**Percent[2]**
Total Nonagricultural Employment[1]	818,000	–	377,100	–	776,900	–
Major Classifications						
Manufacturing	83,400	10.2%	16,100	4.3%	13,800	1.8%
Transportation, Warehousing and Public Utilities	32,700	4.0	11,900	3.2	25,200	3.2
Wholesale Trade	36,700	4.5	9,100	2.4	14,500	1.9
Retail Trade	73,700	9.0	43,500	11.5	46,800	6.0
Finance and Insurance	17,500	2.1	19,900	5.3	46,700	6.0
Real Estate, Rental and Leasing	10,600	1.3	7,300	1.9	16,500	2.1
Information	20,800	2.5	7,100	1.9	53,300	6.9
Professional & Business Services	136,300	16.7	56,400	15.0	210,500	27.1
Educational & Health Services	127,300	15.6	71,200	18.9	94,900	12.2
Leisure & Hospitality	75,900	9.3	43,500	11.5	103,700	13.3
Other Services	27,400	3.3	13,400	3.6	28,200	3.6
Government	126,200	15.4	51,800	13.7	99,500	12.8

(1) Totals may reflect rounding.
(2) Represents percentage of total nonagricultural employment; reflects rounding.
Source: California Employment Development Department, Labor Market Information Division with December 2019 Benchmark.

Table 2-B
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Total Three BART Counties
Calendar Years 2009 and 2019
(Not Seasonally Adjusted)

	2009		2019	
	Number	**Percent[2]**	**Number**	**Percent[2]**
Total Nonagricultural Employment[1]	1,535,000	-	1,972,000	-
Major Classifications				
Manufacturing	90,900	5.9%	113,300	5.7%
Transportation, Warehousing and Public Utilities	43,600	2.8	69,800	3.5
Wholesale Trade	54,600	3.6	60,300	3.1
Retail Trade	144,400	9.4	164,000	8.3
Finance and Insurance	71,400	4.7	84,100	4.3
Real Estate, Rental, and Leasing	26,900	1.8	34,400	1.7
Information	45,000	2.9	81,200	4.1
Professional & Business Services	272,500	17.8	403,200	20.4
Educational & Health Services	235,400	15.3	293,400	14.9
Leisure & Hospitality	161,300	10.5	223,100	11.3
Other Services	56,500	3.7	69,000	3.5
Government	261,900	17.1	277,500	14.1

(1) Totals may reflect rounding.
(2) Represents percentage of total nonagricultural employment; reflects rounding.
Source: California Employment Development Department, Labor Market Information Division with December 2019 Benchmark.

Total nonagricultural employment in the Three BART Counties increased approximately 28.5% between 2009 and 2019.

As shown in Table 2-A and Table 2-B, the economy of the Three BART Counties is well diversified, with emphasis on professional and business services, educational and health services, and government.

Alameda County. Alameda County accounts for approximately 44.9% of the population and approximately 41.5% of the nonagricultural employment of the Three BART Counties. Alameda County's population increased approximately 15.7% between 2000 and 2020. Alameda County has a diverse economic base. A large number of new jobs have been created by firms classified in the services industry, many of which are highly skilled professional, technical, and managerial positions. The two largest employment sectors in 2019 were professional and business services and educational and health services, which accounted for approximately 32.2% of total nonagricultural employment. The transportation, warehousing and public utilities sector, accompanied by both retail trade and wholesale trade categories, averaged 143,100 jobs in 2019, comprising approximately 17.5% of total nonagricultural employment.

Contra Costa County. Contra Costa County, predominantly a low-density residential area, accounts for approximately 31.0% of the population and approximately 19.1% of total nonagricultural employment of the Three BART Counties. Contra Costa County's population increased approximately 21.6% between 2000 and 2020.

Contra Costa County's growing employment base has been driven primarily by the need to provide services to an increasing local population. Contra Costa County has also experienced an influx of white-collar jobs due to the relocation of companies from more expensive locations in the Bay Area. The professional and business services, educational and health services, retail trade and government employment sectors accounted for approximately 59.1% of the nonagricultural employment base in Contra Costa County in 2019.

City and County of San Francisco. The City and County of San Francisco (the "City") is a major employment center of the Three BART Counties, accounting for approximately 39.4% of the nonagricultural employment and approximately 24.1% of the population of the Three BART Counties. The City's population is relatively dense and has increased slowly in recent years, with an overall increase of approximately 0.8% between 2019 and 2020.

The City has the benefit of a highly skilled, professional labor force. Key industries include tourism, real estate, banking and finance, technology, retailing, apparel design, manufacturing, multimedia and bioscience. The two largest employment sectors in 2019 were professional and business services and leisure and hospitality, which accounted for approximately 40.4% of total nonagricultural employment. The transportation, warehousing and public utilities sector, accompanied by both the retail trade and wholesale trade sectors, accounted for approximately 86,500 jobs in 2019, comprising approximately 11.1% of total nonagricultural employment. The professional and business services sector accounted for approximately 210,500 jobs in 2019, comprising approximately 27.1% of total nonagricultural employment.

Table 3 shows the average annual unemployment rates for the Three BART Counties and the State of California and the United States for the calendar years 2012 through 2019, and the preliminary unemployment rates for the Three BART Counties and the State of California and the United States for May 2020.

Table 3
AVERAGE ANNUAL UNEMPLOYMENT RATES

Alameda County, Contra Costa County, City and County of San Francisco,
State of California and the United States
Calendar Years 2012 Through 2020

Calendar Year	Alameda County	Contra Costa County	City and County of San Francisco	State of California	United States
2012	9.0%	9.0%	7.2%	10.4%	8.1%
2013	7.4	7.4	5.7	8.9	7.4
2014	5.9	6.1	4.4	7.5	6.2
2015	4.7	5.0	3.6	6.2	5.3
2016	4.2	4.4	3.3	5.4	4.9
2017	3.9	4.1	3.0	5.2	4.7
2018	3.0	3.2	2.4	4.2	3.9
2019	2.9	3.1	2.2	4.0	3.7
2020(1)	13.5	13.6	12.6	15.9	13.3

(1) Preliminary data for May 2020; not seasonally adjusted.
Sources: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Table 4 identifies the major employers of the San Francisco Bay Area.

Table 4
MAJOR PRIVATE SECTOR EMPLOYERS
San Francisco Bay Area
As of 2020

Employer	Number of Bay Area Employees
Kaiser Permanente	58,269
Sutter Health	24,347
Facebook Inc.	14,000
Wells Fargo & Co.	13,483
Safeway Northern California Division	13,397
United Airlines	12,340
Tesla, Inc.	10,000
PG&E Corp.	9,600
Genentech	9,500
Salesforce	8,000
Oracle Corp.	7,535
UPS	6,700
Amazon	6,600
John Muir Health	6,518
Allied Universal	6,282
Starbucks Coffee Co.	5,692
Uber Technologies, Inc.	5,500
Chevron Corp.	5,131
Bank of America	4,677
Workday	4,311
Gap Inc.	4,000
Gilead Sciences Inc.	4,000
The Bay Club	4,000
Visa	3,696
Common Spirit Health	3,373

Source: San Francisco Business Times, *2020 Book of Lists*.

Population and Employment Forecasts

Table 5 presents population and employment projections for the Three BART Counties prepared by the Association of Bay Area Governments ("ABAG"). ABAG projects the population of the Three BART Counties to increase to approximately 4,258,200 people by 2035, as compared with the actual population of 3,722,201 in January 2020, with most of the growth occurring in Contra Costa and Alameda counties. Employment in the Three BART Counties is projected by ABAG to increase to 2,402,160 in 2035, as compared with the actual 1,635,600 employment level as of May 2020 (the most recent data available). Most of the growth in employment is projected by ABAG to occur in the professional and managerial services and health and educational services sectors in each of the Three BART Counties. ABAG also projects the largest growth in employment will occur in San Francisco County.

Table 5
PROJECTED POPULATION AND EMPLOYMENT
Alameda and Contra Costa Counties and City and County of San Francisco
Population

County	2020[1] (Actual)	2035 (Projected)	% Change 2020-2035 (Projected)
Alameda	1,670,834	1,966,300	17.7%
Contra Costa	1,153,561	1,322,900	14.7
San Francisco	897,806	969,000	7.9
Three BART Counties	3,722,201	4,258,200	14.4%

Employment

County	January 2020[2]	May 2020[3]	2035 (Projected)	% Change May 2020-2035 (Projected)
Alameda	815,500	693,700	1,039,680	49.9%
Contra Costa	541,600	460,400	555,650	20.7
San Francisco	573,000	481,500	806,830	67.6
Three BART Counties	1,930,100	1,635,600	2,402,160	46.9%

(1) As of January 1, 2020.
(2) Preliminary data for January 2020; not seasonally adjusted.
(3) Preliminary data for May 2020; not seasonally adjusted.
Sources: State of California Department of Finance; State of California Employment Development Department; Association of Bay Area Governments, *Jobs-Housing Connections Strategy*.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table 6 below presents the latest available total income and per capita personal income for the Three BART Counties, the State and the nation for the calendar years 2013 through 2018 (the most recent annual data available). The Three BART Counties have traditionally had per capita income levels significantly higher than those of the State and the nation.

Table 6
PERSONAL INCOME
Alameda County, Contra Costa County, City and County of San Francisco,
State of California and United States
Calendar Years 2013 through 2018

Year and Area	Personal Income (millions of dollars)[1]	Per Capita Personal Income (dollars)
2013		
Alameda County	$85,174	$53,798
Contra Costa County	66,729	60,885
San Francisco County	72,858	86,619
State of California	1,849,505	48,125
United States	14,064,468	44,438
2014		
Alameda County	90,631	56,261
Contra Costa County	70,850	63,752
San Francisco County	77,233	90,600
State of California	1,939,528	49,985
United States	14,683,147	46,049
2015		
Alameda County	104,465	63,809
Contra Costa County	77,915	69,195
San Francisco County	93,448	107,868
State of California	2,173,300	55,679
United States	15,711,634	48,940
2016		
Alameda County	111,355	67,356
Contra Costa County	82,204	72,195
San Francisco County	99,810	113,925
State of California	2,259,414	57,497
United States	16,115,630	49,831
2017		
Alameda County	118,555	71,282
Contra Costa County	87,810	76,527
San Francisco County	106,007	119,868
State of California	2,364,129	59,796
United States	16,820,250	51,640
2018		
Alameda County	127,746	76,644
Contra Costa County	94,900	82,506
San Francisco County	115,444	130,696
State of California	2,514,129	63,557
United States	17,813,035	54,446

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
[1] Numbers reflect rounding.

Table 7 shows the total dollar volume of sales and other taxable transactions (which correlate with sales tax receipts) in the Three BART Counties for fiscal years 2011 through 2019 (the most recent data available).

Table 7
HISTORICAL TAXABLE TRANSACTIONS
Alameda and Contra Costa Counties and City and County of San Francisco
Fiscal Years 2011 Through 2019
($ in thousands)

Fiscal Year	Alameda County	Contra Costa County	San Francisco County	Total Three BART Counties	Percentage Change
2011	$23,430,799	$12,799,857	$14,890,527	$51,121,183	8.9%
2012	25,181,571	13,997,249	15,953,605	55,132,425	7.8
2013	26,624,571	14,471,988	17,094,163	58,190,722	5.5
2014	28,377,714	15,030,047	18,469,729	61,877,490	6.3
2015	29,770,157	15,670,053	18,871,834	64,312,044	3.9
2016	30,958,479	15,924,591	19,397,302	66,280,372	3.1
2017	32,476,173	16,558,840	19,432,757	68,467,770	3.3
2018	35,073,302	17,607,890	20,342,720	73,023,912	6.7
2019	35,040,749	18,048,985	20,892,749	79,982,483	9.5

Sources: California State Board of Equalization, 2011-2016 Annual Reports; California Department of Tax and Fee Administration, 2017, 2018, and 2019 Annual Reports.

Table 8 shows taxable transactions by type of business for the Three BART Counties for the fiscal year ended June 30, 2019 (the most recent annual data available).

Table 8
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
Alameda and Contra Costa Counties and the City and County of San Francisco
For Fiscal Year 2019
($ in thousands)

Type of Business	Alameda County	Contra Costa County	City and County of San Francisco
Retail and Food Services			
Motor Vehicle and Parts Dealers	4,625,707	2,442,727	601,908
Home Furnishings and Appliance Stores	1,364,328	692,217	1,027,825
Building Material and Garden Equipment and Supplies Dealers	1,886,071	1,226,747	702,290
Food and Beverage Stores	1,278,245	924,164	860,691
Gasoline Stations	2,067,534	1,611,320	548,674
Clothing and Clothing Accessories Stores	1,872,888	1,026,668	2,024,642
General Merchandise Stores	2,129,692	1,704,518	754,835
Food Services and Drinking Places	3,692,378	1,956,623	5,037,656
Other Retail Group	2,966,040	1,716,958	2,662,901
***Total Retail and Food Services*[(1)]**	**21,882,885**	**13,301,946**	**14,221,424**
***All Other Outlets*[(1)]**	**13,157,863**	**4,747,039**	**6,671,324**
***Total All Outlets*[(1)]**	**35,040,749**	**18,048,985**	**20,892,749**

(1) Totals may reflect rounding.
Source: California Department of Tax and Fee Administration.

Table 9 shows a comparison of taxable transactions among several large northern and southern California counties (including the Three BART Counties) and state-wide over the fiscal years 2014 through 2019 (the most recent annual data available).

Table 9
COMPARISON OF TAXABLE TRANSACTIONS TRENDS
FOR MAJOR CALIFORNIA COUNTIES
Fiscal Years 2014 Through 2019
($ in thousands)

	2014	2015	2016	2017	2018	2019	% Change (2014-2019)
Three BART Northern Counties							
Alameda	$28,377,714	$29,770,157	$30,958,479	$32,702,083	$35,073,302	$35,040,749	23.5%
Contra Costa	15,030,047	15,670,053	15,924,591	16,757,632	17,607,890	18,048,985	20.1
San Francisco	18,469,729	18,871,834	19,397,302	19,473,871	20,342,720	20,892,749	13.1
Total Three BART Counties	$61,877,490	$64,312,044	$66,280,372	$68,933,586	73,023,912	73,982,483	19.6
Other Northern Counties							
Sacramento	$21,061,901	$22,043,196	$23,184,499	$24,610,616	$25,443,669	$26,717,621	26.9%
San Mateo	15,298,434	15,487,010	15,658,573	16,736,448	17,547,096	18,168,258	18.8
Santa Clara	39,628,655	41,231,759	41,831,668	43,149,031	45,353,073	46,887,483	18.3
Southern Counties							
Los Angeles	$147,446,927	$151,033,781	$154,208,333	$160,280,129	$166,023,795	$171,776,327	16.5%
Orange	60,097,128	61,358,087	62,511,421	65,148,057	67,468,615	69,499,158	15.6
Riverside	32,035,687	32,910,910	34,231,143	36,407,460	38,919,497	40,557,845	26.6
San Bernardino	33,055,967	35,338,556	36,981,693	38,399,372	40,554,023	41,770,309	26.4
San Diego	52,711,639	54,185,588	55,407,866	57,551,359	59,041,041	61,106,480	15.9
Ventura	13,366,628	13,784,346	13,745,950	14,000,695	14,323,431	14,779,590	10.6
Statewide	$615,821,874	$633,941,952	$649,079,371	$677,823,492	$706,835,200	$730,779,405	18.7%

Sources: California State Board of Equalization, 2014-2016 Annual Reports; California Department of Tax and Fee Administration, 2017, 2018, and 2019 Annual Reports.

APPENDIX E

CLEARING SYSTEMS

Introduction. The information in this Appendix E concerning The Depository Trust Company ("DTC"), Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme, Luxembourg ("Clearstream Banking") (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems"), and DTC's book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Official Statement. Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the front portion of the Official Statement or in APPENDIX H under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions."

DTC will act as the initial securities depository for the 2020 Bonds. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the San Francisco Bay Area Rapid Transit District (the "District") expressly disclaims any responsibility to update this Official Statement to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters takes any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The District will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the 2020 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of principal of, premium if any, and interest ("Debt Service") on the 2020 Bonds, or redemption or other notices, to participants of the Clearing Systems ("Participants"); (2) Participants or others will distribute Debt Service payments paid to DTC or its nominee (as the registered owner of the 2020 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis; or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants (hereinafter defined) are on file with DTC.

None of the District, the Underwriters nor the Trustee will have any responsibility or obligations to DTC, the Direct Participants, the Indirect Participants of DTC or the Beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any Beneficial Owner in respect of the Debt Service on the 2020 Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Trust Agreement; or (4) any consent given or other action taken by DTC as registered owner of the 2020 Bonds.

Book Entry-Only System. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2020 Bonds. The 2020 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 bond certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, 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, as amended. 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 a Standard & Poor's rating of AA+. 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 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (each a "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 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 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. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District or to the Trustee 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 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 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 District or the Trustee, on payable 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District 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 2020 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

Discontinuation of Book-Entry-Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the 2020 Bonds, the provisions of the Trust Agreement relating to place of payment, transfer and exchange of the 2020 Bonds, regulations with respect to exchanges and transfers, bond register, 2020 Bonds mutilated, destroyed or stolen, and evidence of signatures of Bond Owners and ownership of 2020 Bonds will govern the payment, registration, transfer, exchange and replacement of the 2020 Bonds. Interested persons should contact the District for further information regarding such provisions of the Trust Agreement.

Euroclear and Clearstream Banking.

Euroclear and Clearstream Banking have advised the District as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. Any 2020 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the 2020 Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The District will not impose any fees in respect of holding the 2020 Bonds; however, holders of book-entry interests in the 2020 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement. Interests in the 2020 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2020 Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the 2020 Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the 2020 Bonds against payment (value as on the date of delivery of the 2020 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2020 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2020 Bonds following confirmation of receipt of payment to the District on the date of delivery of the 2020 Bonds.

Secondary Market Trading. Secondary market trades in the 2020 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2020 Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the 2020 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2020 Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2020 Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2020 Bonds, or to receive or make a payment or delivery of 2020 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The District and the Underwriters expect that the 2020 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The international securities identification number, common code and/or CUSIP number for the 2020 Bonds are set out on the cover page of this Official Statement.

Limitations

For so long as the 2020 Bonds are registered in the name of DTC or its nominee, Cede & Co., the District and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the 2020 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the 2020 Bonds, references in this Official Statement to registered owners of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.

Because DTC is treated as the owner of the 2020 Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the District or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2020 Bonds that may be transmitted by or through DTC.

The District will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any 2020 Bonds;

- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any 2020 Bonds including, without limitation, any notice of redemption with respect to any 2020 Bonds;

- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any 2020 Bonds; or

- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the District and the Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the 2020 Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the 2020 Bonds;

- giving notices of redemption and other matters with respect to the 2020 Bonds;

- registering transfers with respect to the 2020 Bonds; and

- the selection of 2020 Bonds for redemption.

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the District, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the San Francisco Bay Area Rapid Transit District (the "Issuer") and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent"), in connection with the issuance of $700,000,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds) and 2020 Series C-2 (Federally Taxable) (Green Bonds) (together, the "2020 Bonds"). The 2020 Bonds are being issued pursuant to Resolution No. 5447, adopted by the Board of Directors of the Issuer on July 23, 2020, and according to the terms and in the manner set forth in the Trust Agreement (Measure RR), dated as of June 1, 2017, as supplemented by the First Supplemental Trust Agreement (Measure RR), dated as of August 1, 2019, and as further supplemented by the Second Supplemental Trust Agreement (Measure RR), dated as of August 1, 2020 (as supplemented, the "Trust Agreement"), each between the Issuer and U.S. Bank National Association, as Trustee (the "Trustee"). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and the Beneficial Owners (as hereinafter defined) of the 2020 Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement and not otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2020 Bonds (including persons holding 2020 Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Controller/Treasurer of the Issuer or her designee, or such other officer or employee of the Issuer as the Controller/Treasurer of the Issuer shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any 2020 Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, 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.

"Participating Underwriter" shall mean any of the original underwriters of the 2020 Bonds required to comply with the Rule in connection with offering of the 2020 Bonds.

"Rule" shall mean 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.

"SEC" shall mean the Securities and Exchange Commission or any successor agency thereto.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Issuer's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the Issuer ending June 30, 2020, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each 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 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Trustee nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(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 send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the Issuer 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 shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, 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. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, dated August 18, 2020, relating to the 2020 Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when such audited financial statements become available.

(b) An update (as of the most recently ended fiscal year of the Issuer) for the table set forth in the Official Statement under the caption "Debt Service Schedules" and an update for the tables entitled "San Francisco Bay Area Rapid Transit District Assessed Valuation" and "San Francisco Bay Area Rapid Transit District Secured Tax Charges and Delinquencies," each set forth in the Official Statement under the caption "Security and Source of Payment for the 2020 Bonds."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2020 Bonds 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;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person;
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

<u>Note</u>: 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 Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2020 Bonds, if material, 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 2020 Bonds or other material events affecting the tax status of the 2020 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 2020 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;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Issuer, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.

(c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws.

(e) If the Issuer learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within ten business days of the occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2020 Bonds pursuant to the Trust Agreement.

(f) The Issuer intends to comply with respect to the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2020 Bonds. If such termination occurs prior to the final maturity of the 2020 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), 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, 5(a) or 5(b), it may only be made 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 2020 Bonds, or the type of business conducted;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the 2020 Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2020 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer 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 Issuer 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 11. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding 2020 Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys, or any Owner or Beneficial Owner of the 2020 Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, 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 Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Trustee and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee and their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the 2020 Bonds. The Dissemination Agent has no power to enforce performance on the part of the Issuer under this Disclosure Agreement.

The Dissemination Agent agrees to accept and act upon instructions or directions pursuant to this Disclosure Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Dissemination Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Dissemination Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Dissemination Agent acts upon such instructions, the Dissemination Agent's understanding of such instructions shall be deemed controlling. The Dissemination Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Dissemination Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Dissemination Agent, including without limitation the risk of the Dissemination Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Dissemination Agent and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

(i) If to the Issuer:
San Francisco Bay Area Rapid Transit District
300 Lakeside Drive
Oakland, California 94612-3534
Attention: Controller/Treasurer
Telephone: (510) 464-6070
Fax: (510) 464-6011

(ii) If to the Dissemination Agent:
U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust
Telephone: (415) 677-3596
Fax: (415) 677-3769

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices may also be given by electronic means.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2020 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed under the laws of the State of California.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: August 27, 2020.

SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT

By______________________________________
Controller/Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By______________________________________
Authorized Officer

Exhibit A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Francisco Bay Area Rapid Transit District
Name of Bond Issue:	San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds)
	San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-2 (Federally Taxable) (Green Bonds)
Date of Issuance of Bonds:	August 27, 2020

NOTICE IS HEREBY GIVEN that the San Francisco Bay Area Rapid Transit District (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated ______________, 2020, between the Issuer and U.S. Bank National Association, as dissemination agent. [The Issuer anticipates that the Annual Report will be filed by _______.]

Dated:____________________

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent on behalf of the San Francisco Bay Area Rapid Transit District

cc: Issuer

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

San Francisco Bay Area
Rapid Transit District
Oakland, California

$625,005,000
San Francisco Bay Area Rapid Transit District
General Obligation Bonds (Election of 2016),
2020 Series C-1 (Green Bonds)

$74,995,000
San Francisco Bay Area Rapid Transit District
General Obligation Bonds (Election of 2016), 2020
Series C-2 (Federally Taxable) (Green Bonds)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Francisco Bay Area Rapid Transit District (the "District") in connection with the issuance of $625,005,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds) (the "2020C-1 Bonds") and $74,995,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-2 (Federally Taxable) (Green Bonds) (the "2020C-2 Bonds" and, together with the 2020C-1 Bonds, the "Bonds"), authorized at an election held in the District on November 8, 2016. The Bonds are issued under and pursuant to a resolution of the Board of Directors of the District, adopted on July 23, 2020 (the "Resolution"), and in accordance with the terms of a Trust Agreement (Measure RR), dated as of June 1, 2017, as supplemented and amended, including by a Second Supplemental Trust Agreement (Measure RR), dated as of August 1, 2020 (collectively, the "Trust Agreement"), between the District and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2020C-1 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public transit districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. The Trust Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the other party thereto, constitutes a valid and binding agreement of the District.

4. The District has the power and is obligated to cause the levy of *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the principal of the Bonds and the interest thereon.

5. Interest on the 2020C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2020C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the 2020C-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a brief summary of certain provisions of the Trust Agreement (Measure RR), dated as of June 1, 2017, as supplemented by a First Supplemental Trust Agreement (Measure RR), dated as of August 1, 2019 and a Second Supplemental Trust Agreement (Measure RR), dated as of August 1, 2020, each between the San Francisco Bay Area Rapid Transit District (the "District") and U.S. Bank National Association, as trustee (the "Trustee") (hereinafter collectively referred to as the "Trust Agreement"). This summary is not intended to be complete or definitive and is qualified in its entirety by reference to the full terms of the Trust Agreement. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Trust Agreement.

Definitions

Accreted Value means, with respect to any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, the principal amount thereof plus the interest accrued thereon at and prior to the maturity or earlier redemption thereof, in the case of a Capital Appreciation Bond, or at and prior to the date of conversion of such Bond to a Current Interest Bond, in the case of a Convertible Capital Appreciation Bond, compounded on the basis of a 360-day year of twelve 30-day months at the approximate interest rate thereon on each compounding date specified therein. The Accreted Value of a Bond at any date of computation shall be an amount equal to the principal amount of such Bond plus interest accrued thereon from the date of issuance, such interest to accrue at the rate per annum established as provided in a Supplemental Trust Agreement and be compounded periodically, plus, if such date of computation shall not be a compounding date, the ratable portion of the difference between the Accreted Value computed as of the immediately preceding compounding date (or the date of issuance thereof if the date of computation is prior to the first compounding date succeeding the date of issuance) and the Accreted Value computed as of the immediately succeeding compounding date, calculated based on the assumption that the Accreted Value increases during any period in equal daily amounts (with straight-line interpolation between compounding dates).

Accreted Value Table means the table denominated as such which appears as an exhibit to, and to which reference is made in, a Supplemental Trust Agreement providing for a Series of Capital Appreciation Bonds issued pursuant to such Supplemental Trust Agreement.

Act shall mean the San Francisco Bay Area Rapid Transit District Act, being Part 2 (Section 28500 and following) of Division 10 of the Public Utilities Code of the State of California, and Articles 4.5, 9 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code, commencing with 53506 and other applicable law as now in effect and as it may from time to time hereafter be amended, modified or supplemented.

Authorized District Representative shall mean the Controller/Treasurer of the District, any designee of the Controller/Treasurer of the District, the General Manager of the District, the President of the Board or any other officer of the District designated by the Board.

BART Counties means the County of Alameda, the County of Contra Costa and the City and County of San Francisco.

Beneficial Owner means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bond, including, without limitation, any Person holding Bonds through nominees or depositories, including the Securities Depository.

Board shall mean the Board of Directors of the District.

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

Bondholder or Owner, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

Bond Obligation means, as of any given date of calculation, (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, and (2) with respect to any Outstanding Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Accreted Value thereof.

Bonds shall mean all general obligation bonds of the District authorized by and issued pursuant to Measure RR at the election conducted in the District on November 8, 2016 and all general obligation bonds issued to refund any such bonds that are issued pursuant to and are Outstanding under the Trust Agreement.

Book-Entry Obligations means Obligations issued under a book-entry only depository system as provided in the Trust Agreement.

Business Day shall mean any day other than a Saturday, Sunday, or other day on which banking institutions in the State, or the State of New York, or any state in which the Principal Corporate Trust Office of the Trustee is located, are authorized or required by law to close, or any day on which the New York Stock Exchange is closed.

Capital Appreciation Bonds means the Bonds of any Series designated as Capital Appreciation Bonds in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds and on which interested is compounded and paid at maturity or on prior redemption.

Certificate, Statement, Request, Requisition and Order of the District mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the District by an Authorized District Representative.

Continuing Disclosure Agreement shall mean the Continuing Disclosure Agreement and any other continuing disclosure agreement entered into in connection with a Series of Bonds, including the Continuing Disclosure Agreements executed with respect to the 2017A Bonds and 2019B Bonds of Measure RR, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Code shall mean the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

Controller/Treasurer shall mean the Controller/Treasurer of the District.

Convertible Capital Appreciation Bonds means Bonds that initially are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically. Convertible Capital Appreciation Bonds shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as Current Interest Bonds having a principal amount equal to their Accreted Value on the conversion date.

Corporate Trust Office means the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, California 94111, Attention: Global Corporate Trust Services, or such other or additional offices as may be designated by the Trustee, including for purposes of transfer, exchange or payment of Bonds, such office initially in St. Paul, Minnesota.

Costs of Issuance shall mean all items of expense directly or indirectly payable by or reimbursable to District and related to the authorization, issuance, sale and delivery of a Series of Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, underwriting fees, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and expenses related to any credit enhancement (including without limitation bond insurance) for the Bonds, fees and expenses with respect to the conduct of the election and other proceedings authorizing the issuance of the Bonds, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Current Interest Bonds means the Bonds of any Series designated as Current Interest Bonds in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds and that pay interest to the Owners thereof on a periodic basis prior to maturity.

District shall mean the San Francisco Bay Area Rapid Transit District, a public transit district duly organized and existing under and pursuant to the laws of the State of California.

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

Electronic Means means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

EMMA means Electronic Municipal Market Access.

Event of Default means any of the events of default described below under the caption "Events of Default and Remedies."

First Supplemental Trust Agreement shall mean the First Supplemental Trust Agreement (Measure RR), dated as of August 1, 2019, between the District and the Trustee, supplementing the Trust Agreement.

General Obligation Bond Tax Revenues shall mean the taxes required to be levied and collected on account of interest, principal, and sinking fund of the Bonds pursuant to California Public Utilities Code Sections 29121 and 29122.

Interest and Sinking Fund shall mean the "Election of 2016 General Obligation Bond Interest and Sinking Fund" created pursuant to the Trust Agreement for the payment of the Bonds authorized in the election conducted in the District on November 8, 2016, including the 2020C Bonds.

Interest Payment Date means, with respect to the 2020C-1 Bonds, February 1 or August 1 of each year until the redemption date or maturity of such 2020C-1 Bonds, commencing with February 1, 2021. Interest on the 2020C-2 Bonds is paid on the maturity date thereof, September 15, 2020, and with respect to each other Series of Bonds as specified in the Supplemental Trust Agreement establishing the terms of such Series of Bonds.

Investment Securities shall mean:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including interest strips of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;

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

(iii) obligations of the Fannie Mae Corporation, the Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation;

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

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

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

(vii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such a bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(viii) taxable commercial paper or tax-exempt commercial paper rated in the highest short-term Rating Category by Moody's and S&P Global Ratings which matures not more than 270 calendar days after the date of purchase;

(ix) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in the highest long-term Rating Category, if any, by Moody's and S&P Global Ratings, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in the highest long-term Rating Category by Moody's and S&P Global Ratings;

(x) any repurchase agreement approved by the Board which does not cause the rating on the Bonds to be reduced or withdrawn, or entered into with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in the highest long-term Rating Category by Moody's and S&P Global Ratings, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to the Trustee that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(xi) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities and any money market fund including money market funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities; provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words clauses (i), (ii), (iii) or (iv) above and without regard to the remainder of such clause (x);

(xii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in the highest long-term Rating Category by Moody's and S&P Global Ratings, approved by the Board and which does not cause the rating on the Bonds to be reduced or withdrawn;

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

(xiv) any other investment approved by the Board which does not cause the rating on the Bonds to be reduced or withdrawn.

Maximum Interest Rate means twelve percent (12%) per annum.

Measure RR means the measure approved by the voters of the District at the November 8, 2016 election authorizing $3.5 billion dollars in bonds for the System Renewal Program as more fully defined in the recitals in the Trust Agreement (Measure RR).

Moody's shall mean Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

Opinion of Bond Counsel shall mean a written Opinion of Bond Counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

Outstanding, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Trust Agreement except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds deemed to be paid in accordance with the provisions of the Trust Agreement described below under the caption "Discharge of Liability on Bonds" and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Trust Agreement.

Owner shall mean the person in whose name any Bond shall be registered.

Principal Payment Date shall mean August 1 of each year in which principal of a Series of Bonds is scheduled to be paid.

Project shall mean the improvements to District facilities authorized by Measure RR to be funded with the proceeds of the Bonds.

Project Account shall mean an account established in the Project Fund to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the Project to which such Project Account relates.

Project Fund shall mean the fund by that name established pursuant to the provisions of the Trust Agreement described below under the caption "Project Fund."

Proportionate Basis, when used with respect to the redemption of Bonds, means that the amount of Bonds of each maturity to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the amount of Bond Obligation of Bonds of such maturity bears to the amount of all Bond Obligation of Bonds to be redeemed; provided, however that, any Bond may only be redeemed in an authorized denomination. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the mandatory sinking account payments, and Capital Appreciation Bonds and Current Interest Bonds maturing or subject to Mandatory Sinking Account Payments in the same year shall be treated as separate maturities. When used with respect to the payment or purchase of a portion of Bonds, Proportionate Basis shall have the same meaning set forth above except that pay or purchase shall be substituted for redeem or redemption and paid or purchased shall be substituted for redeemed.

Rating Agency means, as and to the extent applicable to a Series of Bonds, each of Moody's and S&P Global Ratings then maintaining a rating on such Series of Bonds at the request of the District.

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

Rebate Fund shall mean the fund by that name established pursuant to the provisions of the Trust Agreement.

Rebate Requirement shall mean the Rebate Requirement for a Series of Bonds defined in the Tax Certificate related to such Series of Bonds.

Record Date shall mean, with respect to the 2020C-1 Bonds, the fifteenth day of the month prior to an Interest Payment Date, whether or not such day is a Business Day.

Redemption Date shall mean the date on which the Bonds or any of them are called for redemption, as provided in the Trust Agreement and as provided in the respective Supplemental Trust Agreement with respect to other Series of Bonds.

Refunding Bonds shall be any Bonds issued thereunder for the purpose of refunding Bonds authorized by and issued under Measure RR and issued thereunder.

Resolution 2020C shall mean Resolution No. 5447, adopted by the Board of Directors of the District on July 23, 2020, authorizing the issuance of the 2020C Bonds.

Second Supplemental Trust Agreement shall mean the Second Supplemental Trust Agreement (Measure RR), dated as of August 1, 2020, between the District and the Trustee, supplementing the Trust Agreement.

Securities Depository means DTC, or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other securities depositories, or no such depositories, as the District may designate in a Certificate of the District delivered to the Trustee.

Series shall mean, whenever used herein with respect to Bonds, all of the Bonds designated as being of the same series, regardless of variations in maturity, interest rate and other provisions.

S&P Global Ratings shall mean S&P Global Ratings, a Standard & Poor's Financial Services LLC business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P Global Ratings shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

State means the State of California.

Supplemental Trust Agreement shall mean any Supplemental Trust Agreement hereafter duly executed and delivered, supplementing, modifying or amending the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized thereunder.

Tax Certificate shall mean a tax certificate concerning certain matters pertaining to the use of proceeds of a Series of Bonds, executed and delivered by the District on the date of issuance of such Series of Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Term Bond shall mean a Bond subject to mandatory sinking fund redemption prior to its stated maturity date, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and years specified herein or in the Supplemental Trust Agreement relating to such Bond, as applicable.

Trustee shall mean U.S. Bank National Association, acting as Trustee, registrar, and transfer agent with respect to the Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in the Trust Agreement.

Trust Agreement shall mean the Trust Agreement (Measure RR), dated as of June 1, 2017, between the Trustee and the District, as the same may be supplemented, modified or amended in accordance with its terms.

2020C Account means the account of such name established in the Interest and Sinking Fund pursuant to Second Supplemental Trust Agreement (Measure RR) to hold proceeds to be used to pay debt service on the 2020C Bonds.

2020C Bonds means collectively the 2020C-1 Bonds and the 2020C-2 Bonds.

2020C Costs of Issuance Fund means the fund designated as the 2020C Costs of Issuance Fund created pursuant to the Second Supplemental Trust Agreement (Measure RR).

2020C-1 Bonds shall mean the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-1 (Green Bonds), issued under the Second Supplemental Trust Agreement (Measure RR).

2020C-1 Project Account shall mean the account of such name created within the Project Fund pursuant to the Second Supplemental Trust Agreement (Measure RR).

2020C-2 Bonds shall mean the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2020 Series C-2 (Federally Taxable) (Green Bonds), issued under the Second Supplemental Trust Agreement (Measure RR).

2020C-2 Project Account shall mean the account of such name created within the Project Fund pursuant to the Second Supplemental Trust Agreement (Measure RR).

Pledge of Taxes

The Bonds are general obligation bonds of the District issued pursuant to the Act, including Section 53506 of the Government Code of the State and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the General Obligation Bond Tax Revenues. All General Obligation Bond Tax Revenues are thereby pledged pursuant to California Government Code Section 5451 to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge will constitute a lien on the General Obligation Bond Tax Revenues and will be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act. The General Obligation Bond Tax Revenues constitute a trust fund for the security and payment of the Bonds. In addition, the Bonds are general obligation bonds within the meaning of Section 53515 of the Government Code of the State and pursuant to such law are secured by a statutory lien applicable to the General Obligation Tax Revenues.

Out of the General Obligation Bond Tax Revenues there will be applied as thereinafter set forth all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds, together with any sinking fund payments of Bonds. The pledge of General Obligation Bond Tax Revenues therein made will be irrevocable until all of the Bonds are no longer Outstanding.

Establishment and Application of Funds and Accounts

Each of the funds and accounts described below is established pursuant to the Trust Agreement.

Project Fund. The Trustee will establish, maintain and hold in trust for the District a fund designated as the "Project Fund." For each Series of Bonds, the Trustee will establish within the Project Fund a separate account for such Series of Bonds, designated as the "_______ Project Account," inserting therein the Series designation of such Bonds. Upon receipt by the Trustee of the proceeds of the sale of a

Series of Bonds, the Trustee will deposit in the applicable Project Account the amount specified in the Request of the District delivered in connection with the issuance of such Series of Bonds to be deposited in such Project Account. The moneys in each Project Account will be used and withdrawn by the District to pay the costs of the Project or the Costs of Issuance of the Series of Bonds to which such Project Account relates.

Before any payment from a Project Account will be made by the Trustee, the District will file or cause to be filed with the Trustee a Requisition of the District in substantially the form specified in the respective Trust Agreement.

Upon issuance of each such Requisition, the Trustee will pay the amount set forth in such Requisition as directed by the terms thereof out of the Project Account. The Trustee need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the District determines that all payments with respect to the portion of the Project to which a Project Account relates have been made, the District will deliver to the Trustee a Certificate of the District stating: (i) the fact and date of such completion, (ii) that all of the costs with respect to the applicable portion of the Project have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Project Fund for such Series of Bonds is to be maintained in the full amount of such claims until such dispute is resolved), and (iii) instructing the Trustee to transfer the remaining balance in the Project Account for such Series of Bonds, less the amount of any such retention, to another Project Account, or, if no other Project Account then exists, to the Interest and Sinking Fund for application to the payment of debt service on the Bonds.

Under the Second Supplemental Trust Agreement (Measure RR), the Trustee will establish the 2020C-1 Project Account and the 2020C-2 Project Account.

Costs of Issuance Fund. The monies set aside and placed in the 2020C Costs of Issuance Fund will be expended for the purpose of paying the Costs of Issuance of the 2020C Bonds. Before any payment from the 2020C Costs of Issuance Fund will be made by the Trustee, the District will file or cause to be filed with the Trustee a requisition of the District in the form attached to the Trust Agreement to be signed by an Authorized Representative.

Interest and Sinking Fund. All amounts in the Interest and Sinking Fund will be used and withdrawn by the Trustee solely for the purposes of paying principal of, interest and premium, if any, on the Bonds as it will become due and payable. The District will direct the General Obligation Tax Revenues to be deposited by the respective Counties collecting such revenues directly with the Trustee. On or prior to the date any payment is due in respect of the Bonds, such monies as will be lawfully available for the payment of the Bonds will be deposited with the Trustee sufficient to pay the principal of, interest and premium, if any, on all Bonds outstanding coming due on such payment date. In the event that the Trustee will fail to receive an amount sufficient to make such payment by the close of business on the Record Date preceding a scheduled Interest Payment Date or Principal Payment Date, the Trustee will promptly notify the District in writing of the amount of such insufficiency by fax or other electronic means of communication acceptable to the District, receipt of which by the District will be confirmed by the Trustee.

Rebate Fund. Upon receipt of money to be applied to the Rebate Requirement for a Series of Bonds, the Trustee will establish and maintain a fund separate from any other fund established and maintained under the Trust Agreement designated as the Rebate Fund. Within the Rebate Fund, the Trustee will maintain such accounts as will be necessary in order to comply with the terms and requirements of the applicable Tax Certificate as directed in writing by the District. Subject to the transfer provisions provided in the Trust Agreement, all money at any time deposited in the Rebate Fund will be held by the Trustee in trust to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor the District nor the Owner of any Bonds will have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund will be governed by the Trust Agreement and by the applicable Tax Certificate. The District thereby covenants to comply with the directions contained in the applicable Tax Certificate and the Trustee thereby covenants to comply with all written instructions of the District delivered to the Trustee pursuant to such Tax Certificate (which instructions will state the actual amounts to be deposited in or withdrawn from the Rebate Fund and will not require the Trustee to make any calculations with respect thereto).

Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Trust Agreement will be invested, as directed by the District, solely in Investment Securities; provided that any amounts in the Project Fund may be investment in any security permitted by the Investment Policy of the District. All Investment Securities will, as directed by the District in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations set forth in the provisions of the Trust Agreement described below under the caption "Tax Covenants," the limitations as to maturities hereinafter in this caption set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the District. If and to the extent the Trustee does not receive investment instructions from the District with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Trust Agreement, such moneys will be invested in Investment Securities described in clause (xi) of the definition thereof and the Trustee will thereupon request investment instructions from the District for such moneys.

Moneys will be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Unless otherwise provided in a Supplemental Trust Agreement, all interest, profits and other income received from the investment of moneys in any fund or account, other than the Rebate Fund or the Interest and Sinking Fund, will be transferred to the Project Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund will be deposited in the Rebate Fund, except as provided above under the caption "Rebate Fund." All interest, profits and other income received from the investment of moneys in the Interest and Sinking funds will be deposited in the Interest and Sinking Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security will be credited to the fund or account from which such accrued interest was paid.

The Trustee may at its sole discretion commingle any of the funds or accounts established pursuant to the Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Trust Agreement will be accounted for separately as required by the Trust Agreement. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the District may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee will not be liable or responsible for any loss resulting from such investment.

Issuance of Additional Series of Bonds

The District may from time to time issue one or more additional Series of Bonds or Refunding Bonds pursuant to the Act and Measure RR. Whenever the District shall determine to issue an additional Series of Bonds, the District will authorize the execution of a Supplemental Trust Agreement specifying the principal amount, and prescribing the forms of Bonds of such Series and providing the Series designation, terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions and place or places of payment of principal or redemption premium, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series.

Before such additional Series of Bonds will be issued and delivered, the District will file the following documents with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied): (i) an executed copy of the Supplemental Trust Agreement authorizing such Series, and (ii) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Trust Agreement has been duly authorized by the District in accordance with the Trust Agreement and that such Series of Bonds, when duly executed by the District and authenticated and delivered by the Trustee, will be valid and binding obligations of the District; and (iii) except in the case of Refunding Bonds, a Certificate of the District to the effect that upon the delivery of such Series the aggregate principal amount of Bonds then issued and outstanding will not exceed the amounts permitted by the Act or by Measure RR.

Proceeds of each Series of Bonds will be applied as specified in the Supplemental Trust Agreement pursuant to which such Series of Bonds is created.

Certain Covenants of the District

Obligation to Levy Taxes For Payment of Bonds. The Board will, at the time of fixing the general tax levy and in the manner provided for the general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum on deposit with the Trustee set apart for that purpose to meet all sums coming due for principal and interest on the Bonds as they become due and payable, a tax sufficient to pay the annual interest on the Bonds and such part of the principal thereof, including any sinking fund installments required hereby, as becomes due before the proceeds of a tax levied at the next general tax levy will be available for such purposes.

The money for the payment of principal and interest on the Bonds will be raised by the levy and collection of ad valorem taxation upon all property in the District subject to taxation by the District without limitation as to rate or amount. The Board will, on or before the first weekday in September in each year any Bonds are Outstanding, fix the rate of taxes, designating the number of cents upon each hundred dollars, using as a basis the value of property transmitted to the Board by the respective county auditors of the BART Counties, which rate of taxation will be sufficient to raise the amount fixed by the Board.

The District will have the County of Alameda, the County of Contra Costa and the City and County of San Francisco to each remit taxes collected for payment of the Bonds directly to the Trustee for deposit in the respective Interest and Sinking Fund.

Validity of Bonds. The recital contained in the Bonds that the same are regularly issued pursuant to all applicable laws will be conclusive evidence of their validity and of compliance with the provisions of the law in their issuance.

Tax Covenants. The District covenants that it will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code; provided that, prior to the issuance of a Series of Bonds, the District may exclude the application of the covenants described under this caption and pursuant to the provisions of the Trust Agreement described above under the caption "Rebate Fund" to such Series of Bonds that are not intended to be tax-exempt. Without limiting the generality of the foregoing, the District covenants that it will comply with the requirements of each Tax Certificate. This covenant will survive payment in full or defeasance of the Bonds.

In the event that at any time the District is of the opinion that for purposes of these covenants it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Trustee or other custodian on behalf of the District, the District will so instruct the Trustee or other custodian in writing.

Notwithstanding any provision of this section, if the District will obtain and provide to the Trustee or other custodian, as appropriate, an Opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, said party may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of these covenants and of the Tax Certificate, and the covenants thereunder will be deemed to be modified to that extent.

Continuing Disclosure Covenant. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Securities and Exchange Commission Rule 15c2-12, the District and the Trustee thereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Trust Agreement, failure of the District to comply with the Continuing Disclosure Agreement will not be considered an event of default hereunder; provided that any Owner or Beneficial Owner (as defined below) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Against Encumbrances. The District will not create any pledge, lien or charge upon any of the General Obligation Bond Tax Revenues having priority over or having parity with the lien of the Bonds.

Events of Default and Remedies of Bondholders

Events of Default. The following are Events of Default:

(i) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable; or

(ii) default in the due and punctual payment of the principal or redemption price of any Bond when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption, or otherwise, or default in the redemption from any sinking account of any Bonds in the amounts and at the times provided therefor.

Application of General Obligation Bond Tax Revenues and Other Funds After Default. If and for so long as an Event of Default will occur and be continuing, the District will immediately transfer to the Trustee all General Obligation Bond Tax Revenues held by it, if any, and request that each of the BART Counties transfer any General Obligation Bond Tax Revenues held by such county to the Trustee and the Trustee will apply all General Obligation Bond Tax Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Trust Agreement (except as otherwise provided in the Trust Agreement) to the payment of the whole amount of Bond Obligation then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Trust Agreement, with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Bonds, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds which will have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation at the rate borne by the respective Bonds, and, if the amount available will not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof on a Proportionate Basis, according to the amounts of principal (plus accrued interest) or Accreted Value due on such date to the persons entitled thereto, without any discrimination or preference.

Notwithstanding anything in the Trust Agreement to the contrary, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing.

Trustee to Represent Bondholders. The Trustee is thereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Trust Agreement, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of the principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it will deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained, herein, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Trust Agreement, the Act or any other law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the General Obligation Bond Tax Revenues, pending such proceedings. All rights of action under the Trust Agreement or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Trust Agreement.

Bondholders' Direction of Proceedings. Anything in the Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate amount of Bond Obligation then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction will not be otherwise than in accordance with law and the provisions of the Trust Agreement, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Right to Sue. No Owner of any Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Trust Agreement, the Act or any other applicable law with respect to such Bond, unless (1) such Owner will have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners will have tendered to the Trustee reasonable, indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee; and (5) the Trustee will not have received contrary directions from the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are thereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement or the rights of any other Owners of Bonds, or to enforce any right under the Trust Agreement, the Act or other applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Trust Agreement.

Remedies Not Exclusive. No remedy therein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Liability of Trustee

The recitals of facts in the Trust Agreement and in the Bonds contained will be taken as statements of the District, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of the Trust Agreement or of the Bonds or of any Investment Security, as to the sufficiency of the General Obligation Bond Tax Revenues or the priority of the lien of the Trust Agreement thereon, or as to the financial or technical feasibility of any Project and will not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Trust Agreement. The Trustee may in good faith hold any other form of indebtedness of the District, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the District and make disbursements for the District and enter into any commercial or business arrangement therewith, without limitation.

The Trustee will not be liable for any error of judgment made in good faith by a responsible officer unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Trust Agreement by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement, but the Trustee will be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Trustee will not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate amount of the Bond Obligation of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of the Trust Agreement, including, without limitation, the provisions stated above under the caption "Events of Default and Remedies of Bondholders," unless such Bondholders will have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

No provision of the Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Modification or Amendment of the Trust Agreement

Amendments Permitted. The Trust Agreement and the rights and obligations of the District, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the District and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds (or, if such Supplemental Trust Agreement is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding will have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of, any calculation of Bonds Outstanding under the Trust Agreement.

The Trust Agreement and the rights and obligations of the District, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the District and Trustee may execute without the consent of any Bondholders but only to the extent permitted by law and only for any one or more of the purposes set forth in the Trust Agreement or for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Prohibited Amendments. No such modification or amendment will (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any mandatory sinking account payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (b) reduce the aforesaid percentage of amount of Bond Obligation of the Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the General Obligation Bond Tax Revenues and other assets pledged under the Trust Agreement prior to or on a parity with the lien created by the Trust Agreement, or deprive the Owners of the Bonds of the lien created by the

Trust Agreement on such General Obligation Bond Tax Revenues (except as expressly provided in the Trust Agreement), without the consent of the Owners of all of the Bonds then Outstanding.

Approval of Form; Springing Amendment. It will not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it will be sufficient if such consent will approve the substance thereof. The District may evidence Owner consent to an amendment to the Trust Agreement by providing that the effectiveness thereof will occur when the Bonds Outstanding evidenced by a majority of the Bond Obligation were issued after the amendment was proposed, acquisition of the Bonds by the Owners thereof evidencing consent to the amendment. Promptly after the execution and delivery by the Trustee and the District of any Supplemental Trust Agreement, the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement to the Owners of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or, any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

Effect of Supplemental Trust Agreement. From and after the time any Supplemental Trust Agreement becomes effective pursuant to this Article, the Trust Agreement will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement of the District, the Trustee and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement will be deemed to be part of the terms and conditions of the Trust Agreement for any and all purposes.

Defeasance

Discharge of Liability on Bonds. Bonds of any Series or a portion thereof may be paid by the District in any of the following ways:

(A) by paying or causing to be paid the principal amount of and interest on such Outstanding Bonds, as and when the same become due and payable;

(B) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided below in Discharge by Deposit) to pay or redeem such Outstanding Bonds; or

(C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

Discharge of Trust Agreement. If the District will pay all Outstanding Bonds and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a Certificate of the District, filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and the Trust Agreement), and notwithstanding that any Bonds will not have been surrendered for payment, the Trust Agreement and the pledge of General Obligation Bond Tax Revenues and other assets made under the Trust Agreement and all covenants, agreements and other obligations of the District under the Trust Agreement will cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the District, the Trustee will cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and will execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Trust Agreement which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants or other verification entity, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge by Deposit. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided pursuant to the provisions of the Trust Agreement described under the caption "Deposit of Money or Securities with Trustee") to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given as provided pursuant to the provisions of the Trust Agreement under the caption "Redemption of Bonds" or provision satisfactory to the Trustee will have been made for the giving of such notice, then all liability of the District in respect of such Bond will cease, terminate and be completely discharged, provided that the Owner thereof will thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the District will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Trust Agreement described under the caption "Payment of Bonds After Discharge of Trust Agreement" and the continuing duties of the Trustee under the Trust Agreement.

Deposit of Money or Securities with Trustee. Whenever in the Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee, escrow agent or other fiduciary money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Trust Agreement and will be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Non-callable Investment Securities described in clauses (i), (ii) or (vi) of the definition thereof the principal of and interest on which when due will, in the opinion of an independent certified public accountant or other verification entity delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as required or provision satisfactory to the Trustee will have been made for the giving of such notice; provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Trust Agreement or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

If the escrow agent is other than the Trustee, the Trustee shall be provided written certification from the escrow agent, upon which certification the Trustee may conclusively rely, that the escrow agent is in receipt of funds in the necessary amount for the defeasance.

Payment of Bonds After Discharge of Trust Agreement. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in the Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the

Bonds became due and payable, will, upon Request of the District, be repaid to the District free from the trusts created by the Trust Agreement, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or interest or premium on Bonds, whether at redemption or maturity, will be held in trust for the account of the Owners thereof and the Trustee will not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the District) for any interest earned on, moneys so held. Any interest earned thereon will belong to the District and will be deposited monthly by the Trustee into the Revenue Fund.

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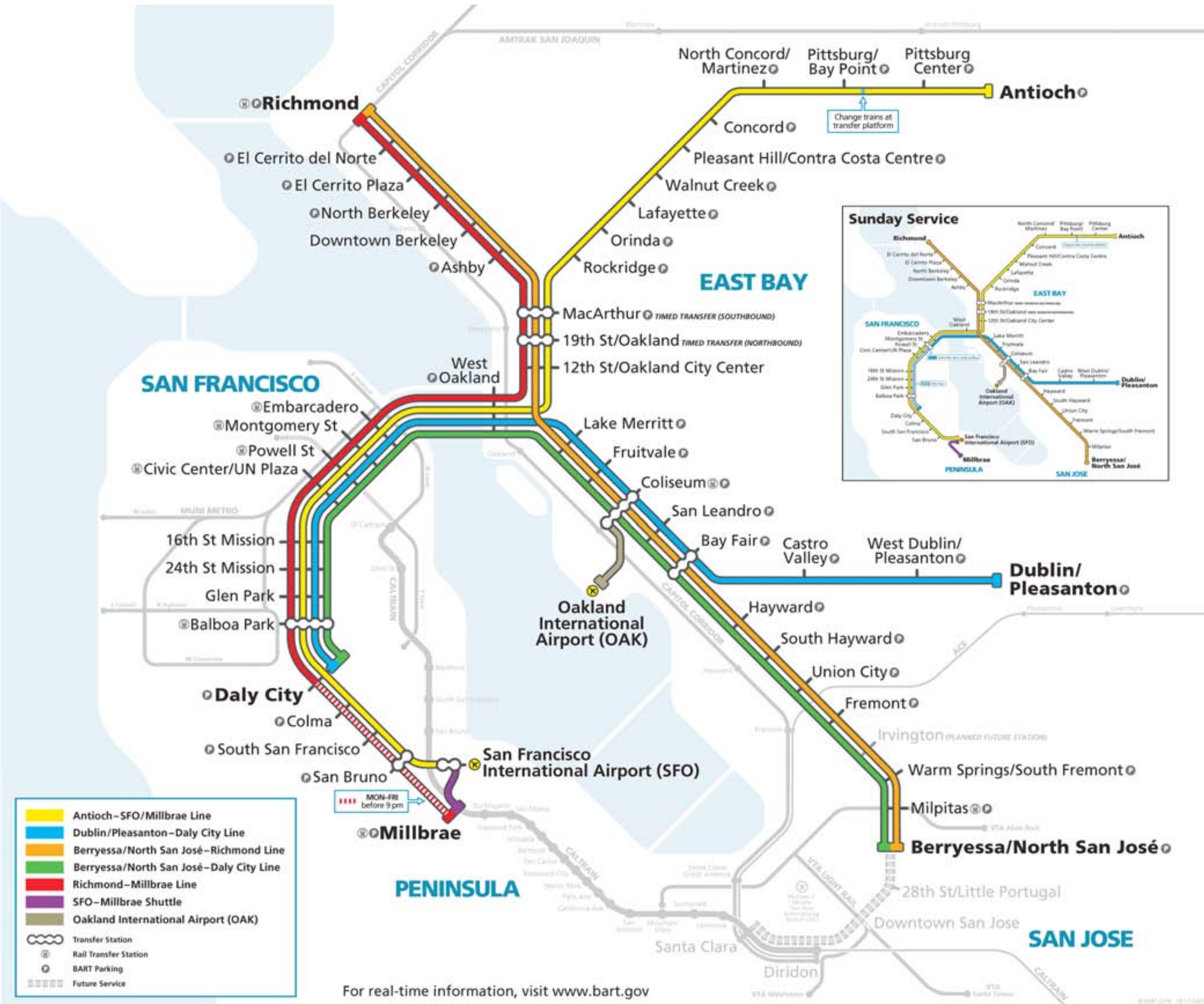
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El Cerrito del Norte
El Cerrito Plaza
North Berkeley
Downtown Berkeley
Ashby
North Concord/ Martinez
Pittsburg/ Bay Point
Pittsburg Center
Antioch
Change trains at transfer platform
Concord
Pleasant Hill/Contra Costa Centre
Walnut Creek
Lafayette
Orinda
Rockridge
EAST BAY
MacArthur TIMED TRANSFER (SOUTHBOUND)
19th St/Oakland TIMED TRANSFER (NORTHBOUND)
12th St/Oakland City Center
West Oakland
SAN FRANCISCO
Embarcadero
Montgomery St
Powell St
Civic Center/UN Plaza
16th St Mission
24th St Mission
Glen Park
Balboa Park
Daly City
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South San Francisco
San Bruno
Millbrae
San Francisco International Airport (SFO)
MON-FRI before 9 pm
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