



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 4/17/2026		5/21/2026		BOARD INITIATED ITEM: No	
Originator/Prepared by: Erin Spragan Dept: AGM - Finance		General Counsel		Chief Financial Officer	
Signature/Date:		Signature/Date:		Signature/Date:	
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Resolution of The San Francisco Bay Area Rapid Transit District Declaring Official Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness

PURPOSE:

To request the Board to adopt the attached Resolution permitting reimbursement of certain project expenditures from future debt proceeds.

DISCUSSION:

Federal tax regulations allow the reimbursement of capital expenditures using proceeds from bonds or short-term debt. These rules can be applied before bonds are issued, enabling expenses to be covered ahead of the bond sale. Passing a resolution will facilitate making these expenditures in advance.

This Resolution, in collaboration with the District's equipment financing program, will permit reimbursement of project expenditures related to the purchase and replacement of BART non-revenue vehicles and equipment and infrastructure to undertake network stabilization upgrades (the "Project"). Staff is separately evaluating (i) the issuance of the next tranche of general obligation bonds and (ii) refunding opportunities for outstanding sales tax revenue bonds; those financings will be presented to the Board with separate resolutions as market conditions warrant.

Consistent with IRS requirements under Treasury Regulation Section 1.150-2, the District must make any reimbursement allocation from future financing proceeds within 18 months after the later of (i) the date the expenditure is paid or (ii) the date the applicable Project asset is placed in service, in no event later than three years after the date of the original expenditure. Accordingly, staff expects to return to the Board with a resolution authorizing the applicable financing within that timeframe.

FISCAL IMPACT:

This action allows the District to get reimbursed for expenditures related to the Project made prior to the issuance of debt from such debt proceeds.

ALTERNATIVES:

If this Resolution is not adopted, the District will be unable to seek reimbursement for project expenditures made prior to the issuance of tax-exempt obligations, which could require the District to defer equipment purchases until after the financing closes. This would impair the District's ability to advance the equipment procurement program on the schedule necessary to meet operational needs and may limit available financing structures.

RECOMMENDATION:

Adopt the following Motion.

MOTION:

The Board adopts the attached Resolution permitting reimbursement of certain project expenditures from future debt proceeds.