



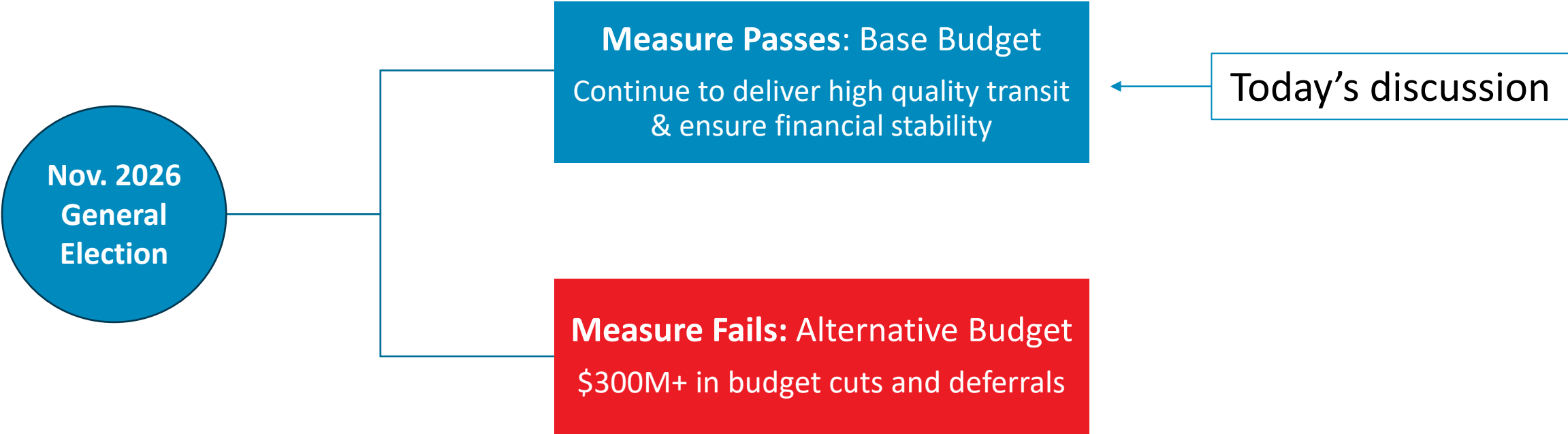
Strategy for Managing Loans, Deferrals, and Reserves

BART Board of Directors

April 23, 2026



FY27 Context: Planning for Multiple Outcomes



Current Financial Context

What is the most cost-effective use of available liquidity if the Ballot Measure is successful?



Estimates projected as of June 30, 2026 except RHBT contribution deferrals which are shown through June 30, 2027.

Available Liquidity Tools

Source	Amount	Rate / Cost	Repayment Source	Comment
TIFIA Proceeds	\$394.6M	4.56% fixed (already incurred)	Sales tax revenues (pledged, no sunset)	Largest unrestricted resource — already borrowed, unrestricted, interest payments deferred to 2029 and principal to 2034
State Loan	\$285M	Surplus Money Investment Fund (SMIF) (floating – currently ~4.0%)	State Transit Assistance (STA) funds	New borrowing — lower rate but medium-term repayment (12 years)
Operating Reserves	\$245.5M	Foregone ~3.6% investment return	N/A — internal	\$88.0M accessible (board action); \$43.9M (restricted); \$113.6M (unrestricted) Important Rating Agency consideration One-time resource
RHBT (Operating) Deferrals (5/15/2025–6/30/2027)	\$68.3M	Foregone ~6.2% investment returns	N/A — internal	Smallest option; highest cost due to opportunity cost

Projected Operating Reserves as of June 30, 2026

Reserve	Balance	Access	Restriction / Note
Op. Reserve – LCFS Credits	\$18.5M	Available	Separate from funds dedicated to Sustainability work.
Working Capital	\$95.1M	Available	Operating reserve allocation for working capital.
Operating Reserve	\$53.7M	Board Action	Requires approval of Board President, GM, and CFO to release.
Op. Reserve – Economic Uncertainty	\$25.3M	Board Action	Set up by Planning & Budget prior to pandemic. Designated to cover budget shortfall.
Reserve for Catastrophic Losses	\$9.0M	Board Action	1986 Reso 4140 Emergency Self-Insurance Fund. Requires Board action to release.
Op. Reserve – Fiscal Stability (Sec. 115)	\$43.9M	Restricted	Can only be used to defray PERS obligations.
TOTAL (Op & WC Reserves)	\$245.5M		Available: \$113.6M; Board Action Required: \$88.0M; Restricted: \$43.9M

Total excludes Debt Service Reserve Fund (\$26.8M) and Self-Insurance Reserves (\$115.6M)

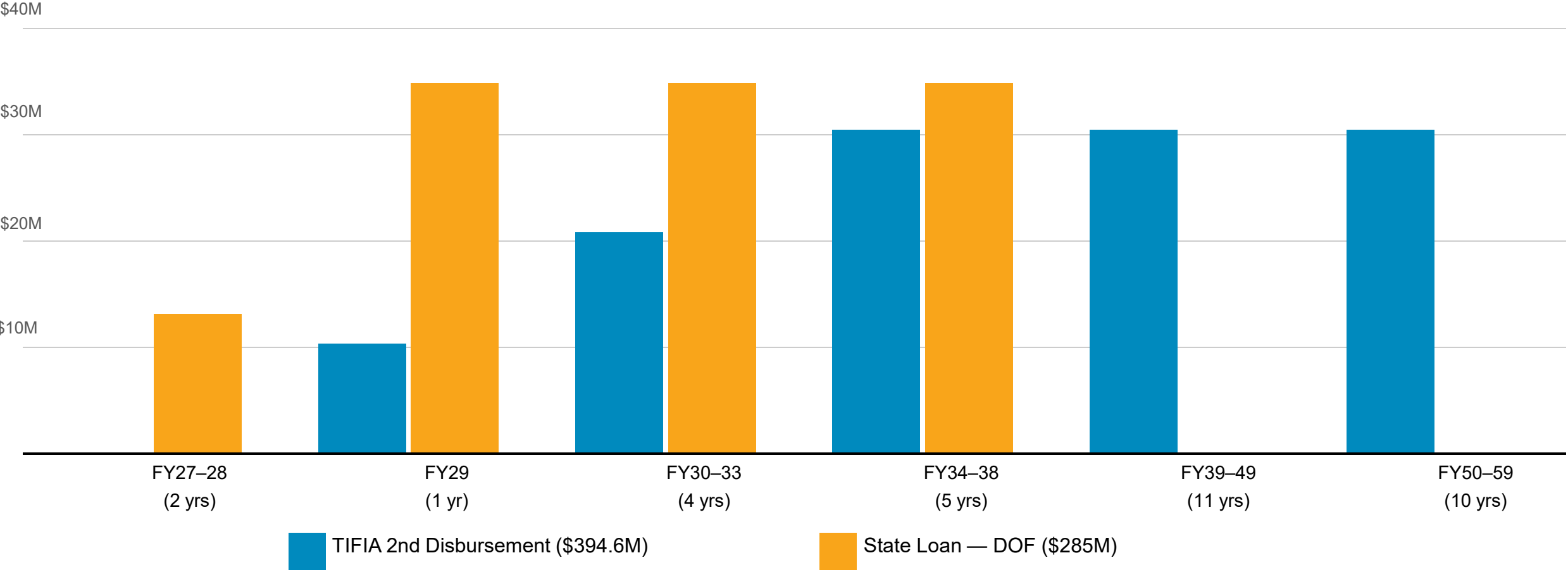
Key:

 Available

 Board Action Required

 Restricted

Annual Debt Service: TIFIA (2nd Draw) vs. State Loan

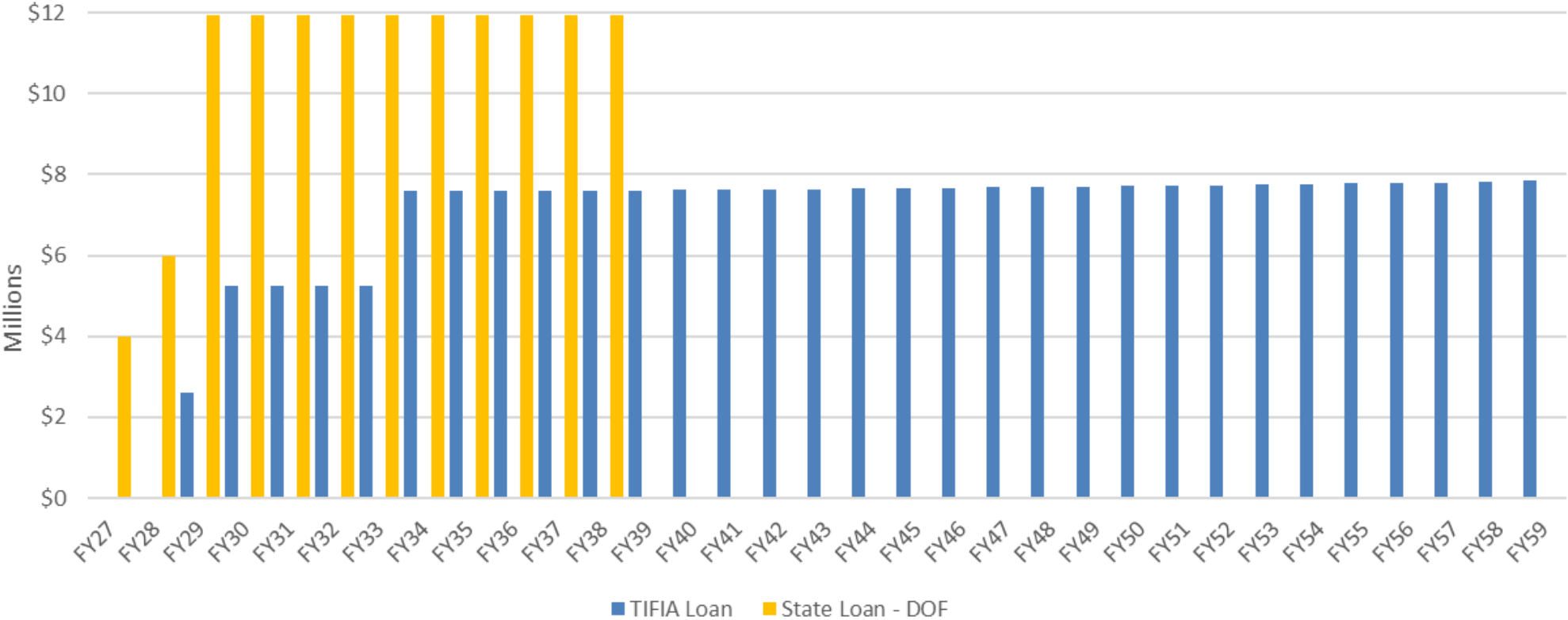


Note: TIFIA \$0 payments through FY28; interest deferred and capitalized at 4.56%.



Annual Debt Service: TIFIA (2nd Draw) vs. State Loan

Apples-to-apples comparison: \$100M TIFIA 2nd disbursement vs. \$100M State Loan (DOF) — equal principal amounts at respective interest rates.



TIFIA \$0 payments through FY28; interest deferred and capitalized at 4.56%. State Loan repaid by FY38.



FY27 Liquidity Playbook — Sequencing Considerations

1 Use TIFIA Cash — First \$394.6M

- Already borrowed — cost already incurred
- Payments deferred: interest to 2029, principal to 2034
- Covers entire FY27 deficit with ~\$20M remaining
- Avoids new debt; preserves reserves intact

2 State Loan — Before Reserves \$285M

- Draw state loan before tapping reserves
- Repaid from STA funds — separate from sales tax pledge
- Preserves reserve balance for credit profile and FY28+
- SMIF floating rate; 2-yr interest only then 10-yr amortization

3 Operating Reserves — Last Internal Resource \$245.5M

- Preserve as long as possible — difficult to rebuild
- Earns ~3.6% on unrestricted investments
- \$113.6M (unrestricted)
- \$88.0M accessible (board action)
- \$43.9M (restricted)

4 RHBT (Operating) Deferrals — Last Resort Only \$68.3M

- Smallest tool relative to deficit size
- Highest cost: RHBT earns ~6.2% long-term
- Creates actuarial funding pressure on retiree benefits
- Avoid entirely if any other option is available

Strategy for FY27 Operating Budget

- Use TIFIA proceeds before drawing on reserves
- Minimize reliance on RHBT deferrals and borrowing, including prioritizing the use of additional revenues (if any) to reduce deferrals and borrowing
- Determine disposition of remaining TIFIA and State Loan Proceeds after November 2026

Discussion