

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. BART is not aware of any plans to annex any counties to 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.

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:

<u>Director</u>	<u>District</u>	<u>City of Residence</u>	<u>Term Expiration (December)</u>
Rebecca Saltzman, President	3	El Cerrito	2024
Janice Li, Vice President	8	San Francisco	2022
Debora Allen	1	Clayton	2024
Elizabeth Ames	6	Union City	2022
Bevan Dufty	9	San Francisco	2024
Mark Foley	2	Antioch	2022
John McPartland	5	Castro Valley	2024
Robert Raburn	4	Oakland	2022
Lateefah Simon	7	Oakland	2024

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

Principal statutory officers include:

Robert Powers, General Manager

Robert Powers was appointed General Manager of BART on July 25, 2019. As General Manager, Mr. Powers manages an operating budget of approximately \$1 billion, oversees approximately \$1.4 billion in capital projects, and leads an agency with approximately 4,000 employees that keeps the San Francisco Bay Area moving.

Prior to his appointment, Mr. Powers served as Deputy General Manager of BART starting in January of 2017. 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 of 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.

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.

Christopher S. Gan, Interim Controller/Treasurer

The Board of Directors appointed Mr. Gan as the Interim Controller-Treasurer of the District, effective March 22, 2021. In this role, Mr. Gan plans, organizes, directs, and administers

the functions of the District's finances, including investment, debt administration, cash collection and revenue services, risk management, and controllership. He also provides advice and financial information to District staff and the Board of Directors. Mr. Gan joined the District in June 1999 as Accounting Manager in the Finance Department and was promoted to Assistant Controller in December 2012. In this role, he was responsible for managing all accounting-related functions in the District, including general accounting, accounts payable, accounts receivable, payroll, and financial reporting. Mr. Gan is a certified public accountant in California and holds a Bachelor of Science degree in Commerce, major in accounting, from De La Salle University in the Philippines.

Matthew Burrows, General Counsel

Mr. Burrows joined the District in 1997 as an attorney in the Office of the General Counsel. In this role, Mr. Burrows generally represented the District and provided advice and counsel in labor, employment, procurement and construction matters. He was appointed Associate General Counsel in May, 2007 and General Counsel in January 2008. In his more than 14 years as General Counsel he has been responsible for the management of the legal affairs of the District. Mr. Burrows received a Bachelor of Arts degree in Sociology from the University of California at Santa Barbara and his Juris Doctor degree from the University of California, Hastings College of the Law.

Principal executive management staff appointed by the General Manager include:

Shane Edwards, Interim Assistant General Manager, Operations

Mr. Edwards was appointed the Interim Assistant General Manager of Operations of the District on July 31, 2021. In this role, Mr. Edwards is responsible for the day-to-day delivery of safe, clean, reliable train service. Mr. Edwards joined in the District in May 2015 as the Assistant Chief Maintenance and Engineering Officer of the Right-of-Way, and was appointed Chief Maintenance and Engineering Officer in December 2018. In this role, Mr. Edwards led a diverse team of engineering and maintenance professionals, who maintained over 30,000 fixed assets and managed a capital portfolio of 400 projects. Mr. Edwards received an Associate of Arts and Sciences degree in Business Management from California State University at Fresno, and has 28 years of experience in the railway industry.

Pamela Herhold, Assistant General Manager, Performance and Budget

Ms. Herhold was appointed the Assistant General Manager of Performance and Budget for the District in September 2017. In this role, Ms. Herhold is responsible for the District's Performance and Budget Executive Office, leading areas including Budgets, fare policy, long-term financial planning, Grants, Funding Strategy 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.

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 renewable diesel-powered Antioch Extension (as defined herein) and the electric 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 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 (the “Transbay Tube”) and traverse the hills and valleys of the east side of the San Francisco Bay including through the Berkeley Hills Tunnel, which runs approximately parallel to the Caldecott Tunnel and bisects the Hayward Fault. 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 most 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 and a new station in the Warm Springs district of Fremont in southern Alameda County (the “Warm Springs Extension”) was opened in 2017. 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, 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 guideway structure along the median of Hegenberger Road. 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 2021, the District paid DCC approximately \$6.5 million.

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 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.

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 is the first phase of the Silicon Valley Extension (defined herein). See “BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program – *Silicon Valley Extension*” herein.

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 around midnight. Depending upon demand, holiday rail service is provided on a full or modified weekday schedule, a Saturday schedule or a Sunday schedule. On April 8, 2020, BART temporarily reduced its revenue service due to reduced ridership resulting from the COVID-19 pandemic. As of February 14, 2022, BART customary revenue service hours were restored.

Ridership

Average weekday passenger trips for Fiscal Years 2016-17 through 2020-21, as well as for the first three-quarters of Fiscal Year 2021-22 are set forth below.

Average Weekday Ridership						
Trip Locations:	2017	2018	2019	2020	2021	2022*
East Bay	84,946	82,251	79,751	57,420	14,709	26,323
West Bay	106,814	102,844	103,210	72,039	11,830	24,121
Transbay	<u>231,636</u>	<u>229,071</u>	<u>227,816</u>	<u>158,812</u>	<u>26,383</u>	<u>52,283</u>
Average Total Weekday Trips	423,396	414,166	410,777	288,271	52,922	102,727
Percentage Annual Change	(2.3)%	(2.2)%	(0.8)%	(29.8%)	(81.6%)	94.1%

* Average passenger trips per weekday through March 31, 2022. In March 2022, average weekday passenger trips were 124,094.

Following extraordinary ridership growth after the 2008-2011 recession, ridership growth peaked in Fiscal Year 2015-16 averaging just over 433,000 weekday trips. In Fiscal Year 2016-17, ridership trended down, averaging 423,396 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. 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.

The ongoing COVID-19 pandemic, which began approximately eight months into Fiscal Year 2019-20, contributed to a sharp decline in ridership. From July 2019 through February 2020, average weekday trips were just over 405,000, and were approximately just 5% below the expected baseline as of March 2, 2020. Ridership fell drastically after each of the Three BART Counties instituted shelter-in-place orders in response to the COVID-19 outbreak (collectively, the “Shelter-In-Place Orders”) on March 17, 2020. From March 2020 through June 2020, ridership fell to just over 66,000 average weekday trips, bringing average weekday trips in Fiscal Year 2019-20 to just over 288,000. In Fiscal Year 2020-21, average weekday trips were just below 53,000, reflecting a full year of depressed ridership figures due to the effects of the COVID-19 pandemic. Ridership has fluctuated in Fiscal Year 2021-22, declining in December 2021 as a result of the onset and spread of the Omicron variant of COVID-19 and increasing since. Average weekday trips in April through April 23, 2022 were [____], approximately [____]% of pre-COVID-19 pandemic levels. For a discussion of the District’s long-term ridership outlook, and how the decline in ridership has affected and is expected to continue to affect the District’s finances, see “DISTRICT FINANCIAL INFORMATION – Management’s Discussion of Historical Financial Results and Adopted Budget for Fiscal Year 2021-22” and “– Preliminary Budget for Fiscal Year 2022-23” below. During this period of reduced ridership and service, the District has accelerated its capital programs to take advantage of increased maintenance windows.

During the COVID-19 pandemic, monthly station exits at the District’s downtown San Francisco stations decreased at a higher rate than at the District’s other stations, as many large employers in the District’s service area implemented policies that required or permitted employees to work remotely. These policies resulted in fewer employees commuting into San Francisco, and

according to Cushman & Wakefield, the vacancy rate in San Francisco offices reached 20.5% and 19.9% in the third and fourth quarters of calendar year 2021, respectively. The District anticipates that ridership will increase when San Francisco employers permit or require employees to return to the office.

The Coliseum station in Oakland provides access to the Oakland-Alameda County Coliseum (the “Coliseum”), currently home to the Oakland Athletics, a professional baseball team. The Golden State Warriors, a professional basketball team, relocated to the Chase Center 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 either in Oakland or outside the San Francisco Bay Area. Although the Coliseum continues to serve as a concert and event venue, the District has seen a decline in ridership at the Coliseum station since the relocation of the Golden State Warriors and the Oakland Raiders. The District expects, however, that some trips relating to Golden State Warriors home games remain on the BART System and now exit at a station closer to the Chase Center. The District cannot predict the impact of a future relocation of the Oakland Athletics on ridership at the Coliseum station or the BART System.

Passenger Fares

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. Systemwide conversion from the use of paper tickets was fully completed in December 2020, and the Clipper Card is now the only fare product available for purchase at all BART stations. Clipper Card is also available via mobile application, and increased adoption of Clipper Card via mobile application may result in some cost savings to the District relating to equipment maintenance.

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
July 2022	3.4**

* 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.

** Planned fare increase deferred from January 2022 to July 2022 to support regional recovery from the COVID-19 pandemic. This deferral reduces expected fare revenue by approximately \$3.5 million in Fiscal Year 2021-22.

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), students attending San Francisco State University, and seniors or persons with disabilities. Specific terms and eligibility requirements apply to each discount program.

BART is currently participating in a pilot means-based fare discount program sponsored by MTC, which allows adult riders earning 200% or less of the federal poverty level to receive a 20% discount per trip on BART. MTC is reimbursing BART for up to 50% of BART’s annual revenue loss from the program. The program has had slow adoption during the COVID-19 pandemic (less than 0.5% of all trips), and adoption is expected to increase as general ridership recovers.

BART commenced revenue service to the Milpitas and Berryessa/North San José stations in Fiscal Year 2019-20. The fare revenues generated for service to such stations are used to help offset VTA’s operating costs for the extension under the VTA/BART Operations and Maintenance Agreement. See “BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program” herein.

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 following public hearings in compliance with Title VI of the Civil Rights Act of 1964 and State law.

Parking Programs

As of March 2022, parking is provided at 38 of the District's 50 stations. The total number of BART-managed parking spaces is approximately 48,100, and VTA operates approximately 3,100 additional parking spaces at the Berryessa/North San José and Milpitas stations.

Parking is provided in surface lots and in parking garages. The District offers paid daily fee parking and reserved parking (both single/multi-day and monthly parking) at most of its stations. Monthly reserved parking fees vary from station to station within a range of approximately \$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. Passengers traveling to either SFO or OAK may purchase single/multi-day parking for approximately \$6-7/day at most stations.

The amount for the daily parking fee is demand-based, up to a \$3 daily fee limit which may be increased when demand exceeds 95% capacity, except at the West Oakland BART station, which does not have a limit.

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 380,000 megawatt-hours, with peak electric demand of approximately 80 megawatts. In calendar year 2020, for the first time, the District achieved a 100% greenhouse gas-free power supply as certified by its 2020 Power Content Label produced under the California Clean Energy Commission's Power Source Disclosure program.

The District historically purchased all of its electricity services, including both supply and delivery, from Pacific Gas & Electric Company ("PG&E"). 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 electricity commitment by 2045 and long-term cost advantages over equivalent bundled electric service available through PG&E.

Pursuant to legislative authorization and the Wholesale Electricity Portfolio Policy, the District's energy supply needs are currently met through a portfolio of short-term, medium-term and long-term supply contracts, including power purchase agreements with hydroelectric, solar, and wind facilities. In 2017, the District executed two twenty-year 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. The projects,

known as the Slate Solar Project and the Sky River Wind Project, are located in Kings County and Kern County, respectively, and achieved commercial operation in 2021. Together, the two projects are expected to serve greater than 55% of the District's annual electric load. The balance of the District's power supply is comprised of approximately 35% hydroelectric imports from the Pacific Northwest, approximately 5% of federal preference hydroelectric power from the Western Area Power Administration's Central Valley Project, and approximately 5% from other registered renewable resources including the Lake Nacimiento hydroelectric project, the Gridley solar project, and five on-site solar installations at BART facilities. The District also receives marginal quantities of electricity from California's wholesale electric market for purposes of filling any hourly imbalances among load and supply.

The District continues to utilize PG&E transmission and distribution facilities to deliver energy purchased by the District from its various suppliers under agreements in effect through 2026. Wholesale power procurement provides significant savings to the District relative to the cost of standard bundled retail electric service from PG&E, but both transmission and distribution costs are expected to increase due to higher rates driven by ongoing grid investment throughout the State to enhance system reliability and resiliency. During wildfire season, under certain meteorological conditions, PG&E may institute public safety power shut offs ("PSPS"), during which it will 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. These mitigations include the rerouting of load flows throughout the District's 34.5 kilovolt traction power system or the utilization of an alternate feeder for facilities equipped with a redundant dual-feed configuration. The District also maintains a fleet of mobile generators that may be moved throughout the system to back-up facilities at risk of de-energization. During the most recent PSPS in 2021, the District was able to maintain operations with minimal disruptions through the use of redundant electrical feeds where available, and pre-positioned portable generators where they were not. In the event that the District is unable to mitigate disruptions in power service, whether due to issues relating to de-energization and/or distribution equipment failure, the District would rely on contingency circuits to maintain lighting and other essential electrical loads while the facility or asset is safely removed from service.

The District also faces some limited risks associated with the impact of wildfire on its portfolio of power supply resources and the transmission delivery infrastructure that transmits electricity from the point of generation to the point of delivery. To the extent BART's contracted generation resources are impacted by a localized wildfire event or ambient wildfire smoke, generation units will continue to operate as long as operating equipment and onsite personnel are safe and secure. To the extent site safety and security are compromised, the affected unit(s) would be forced out of service, and BART would rely on unspecified replacement power sourced from California's wholesale market on an interim basis. Similarly, to the extent transmission infrastructure is threatened or compromised by a localized wildfire event, transmission operators may take action to remove the impacted transmission from service and reroute flows via alternate transmission pathways. If alternate transmission pathways are not available, BART would rely on unspecified market power on an interim basis to replace any power supply shortfalls until sufficient transmission capacity is restored.

The District is also a 6.6% participant/owner in the Northern California Power Agency's Lodi Energy Center (the "LEC"), a natural gas power plant which achieved commercial operation in 2012, and is an obligor of a portion of the bonds issued for construction of the facility. The LEC 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 currently receive physical energy deliveries from the LEC, 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

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 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.

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 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 the last of its remaining authorization of the general obligation bonds under Measure AA in August 2019.

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. Commencing in June 2017, the District issued general obligation bonds under Measure RR in order to finance critical infrastructure needs identified in the System Renewal Program.

For a description of the general obligation bonds issued by the District under Measure AA and Measure RR, including refunding bonds, and the amount of each series of general obligation bonds that will be outstanding upon the issuance of the 2022 Bonds, see “PLAN OF FINANCE – Measure AA” and “– Measure RR” in the forepart of this Official Statement.

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 2020-21, the assessed value of taxable property within the District was approximately \$889.8 billion, creating a limit on bonded indebtedness of approximately \$33.4 billion. As of the end of Fiscal Year 2020-21, the District had \$1,871,890,000 of outstanding bonded indebtedness, which is approximately \$31.5 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 within the Three BART Counties and received by the District 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 April 2, 2022:

Outstanding Sales Tax Revenue Bonds

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
Series 2012A Bonds	\$130,475,000	\$4,175,000	2022
Series 2012B Bonds (Taxable)	111,085,000	2,845,000	2022
Series 2015A Refunding Bonds	186,640,000	121,975,000	2034
Series 2016A Refunding Bonds	83,800,000	73,900,000	2036
Series 2017A Refunding Bonds	118,260,000	118,260,000	2034
Series 2017B Refunding Bonds (Taxable)	67,245,000	33,055,000	2023
Series 2019A Bonds	223,020,000	223,020,000	2044
Series 2019B Refunding Bonds (Taxable)	80,290,000	80,290,000	2036
Total		\$657,520,000	

Rail Vehicle Replacement Program

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 “Legacy 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.

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 rail transit vehicles, with several options to procure additional vehicles thereafter. The District has exercised such options for a total initial purchase of 775 vehicles, comprised of 310 “D” (control cab-equipped) and 465 “E” (non-control) cars. An additional 306 vehicles and more may also be acquired under the contract as described below.

Bombardier began delivery of production vehicles in early 2018 and as of April 1, 2022 has delivered 307 cars. In 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.

On January 8, 2021, the District stopped accepting deliveries of new rail cars due to poor reliability performance and car availability issues. On February 16, 2022, the District announced that it is once again accepting deliveries of new rail cars, as the District and Bombardier had made necessary modifications and upgrades which, along with several software improvements, significantly improved the overall performance of the new rail cars being delivered. BART plans to phase in the first 775 new cars and phase out the existing cars, which are incompatible with the new cars.

The total project cost for the 775 vehicles is expected to be approximately \$2.584 billion and MTC and the District have agreed in principle that MTC by allocation of federal and State funds will fund 75% of the purchases of the new vehicles, 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.

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. MTC received a Letter of No Prejudice, dated February 14, 2019, from FTA with respect to such proposed financing.

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 agreed 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. 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 District’s Board. 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 \$362.7 million as of December 31, 2021.

In addition to the 775 new vehicles on order, the District plans to acquire an additional 306 new rail cars, 252 of which will operate on lines that travel through the Transbay Tube. These additional rail cars will help to enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube as part of the District’s Transbay Corridor Core Capacity Project. Funding for the 252 additional rail cars that will operate through the Transbay Tube was included in the District’s Transbay Corridor Core Capacity Project. For a description of the Transbay Corridor Core Capacity Project, see “BART FINANCINGS AND CAPITAL PROGRAMS – Service and Capacity Enhancement Program.” The District may also acquire an additional 119 new cars, 60 of which are needed for the network as expanded to Santa Clara by the second phase of the Silicon Valley Extension (defined herein). BART is exploring funding options, including FTA grants, State grants and local funding to fully fund the additional cars. The 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 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.

Funding for the Earthquake Funding Program is provided by the \$980 million Measure AA general obligation bond issue and \$143 million of bridge toll revenues programmed by MTC under a statutory designation contained in the Regional Measure 2 (“RM2”) program, an increase in bridge tolls which was approved by Bay Area voters in March 2004. Other funding sources for the Earthquake Safety Program include \$134 million of State Local Seismic Safety Retrofit Program funds and \$194 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 District anticipates the project to be completed around December 2022.

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 Transit and Intercity Rail Capital Program (“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. Funding for the new CBTC system was included in the District’s Transbay Corridor Core Capacity Project. For a description of the Transbay Corridor Core Capacity Project, see “BART FINANCINGS AND CAPITAL PROGRAMS – Service and Capacity Enhancement Program.” 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 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, non-portable generators and switchgear, and fire alarm systems. As part of its Transbay Corridor Core Capacity Project, the District plans to enhance energy supply to its electric third rail through the addition of several traction power substations. Five sites have been identified for new substations as part of the Transbay Corridor Core Capacity Project including the Civic Center, Montgomery, Concord, and Richmond Stations, and a site on 34th Street in Oakland near MacArthur Station. A sixth substation would also be installed at the HMC, although it is not a part of the Transbay Corridor Core Capacity Project. For a description of the Transbay Corridor Core Capacity Project, see “BART FINANCINGS AND CAPITAL PROGRAMS – Service and Capacity Enhancement Program.”

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 and is currently the only fare product available for purchase at all BART stations. See "THE BART SYSTEM – Passenger Fares" herein.

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 Trust Company, 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. Pursuant to the agreement, in Fiscal Year 2020-21 VTA paid BART approximately \$37.1 million in operating subsidies and approximately \$26.7 million representing VTA's share of BART's systemwide capital costs.

VTA estimates the total capital cost for the Silicon Valley Extension at approximately \$9.3 billion in Year-Of-Expenditure ("YOE") dollars. The SVBX, with a capital cost of approximately \$2.4 billion in YOE dollars, was granted an FTA Full Funding Grant Agreement in March 2012. VTA estimates that the second phase of the Silicon Valley Extension will have an estimated capital cost of approximately \$6.9 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. In August 2019 the FTA allocated \$125 million to the second phase of the Silicon Valley Extension, and in January 2021 allocated an additional \$100 million to the project. The VTA received a Notice of Funding Opportunity from the FTA on July 28, 2020, and submitted a formal application requesting federal funds under the EPD in mid-2021. In October 2021, the VTA received a Letter of Intent from FTA (the precursor to the execution of a Full Funding Grant Agreement) announcing the project was formally selected for funding through the EPD. The FTA’s Letter of Intent will be in effect for two years, and during that time VTA plans to continue to advance design, receive actual contractor bids, identify and mitigate or eliminate perceived risks, finalize an overall cost estimate, and solidify the funding plan to ultimately achieve a Full Funding Grant Agreement. It is anticipated that federal funding through the EPD will cover approximately 25% of the cost of the second phase of the Silicon Valley Extension, with the remaining portion funded by a variety of State and local funding sources.

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 2019 when the Fremont City Council adopted the station area plan and the District’s 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 still pending at this time. 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 could be open for passenger service in Fiscal Year 2029-30.

Hayward Maintenance Complex. 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 perform preventive and regular train maintenance based on operating hours, as well as unscheduled failure repairs. The Hayward Maintenance Complex (“HMC”) is being expanded to accommodate additional demand caused by the extension of the BART System into Santa Clara County and planned core system service

extension. 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 \$2.2 billion.

Phase 1 included the acquisition of properties, and the design and construction of the component repair shop, and the central parts warehouse and is being completed and funding is being sought for Phase II.

Security Enhancement Program

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 design review, planning and preparedness into BART’s operations and services. At present, the District anticipates that a portion of the funding required for capital security improvements will need to be obtained from external grant sources, but District funds will be utilized to meet security needs such as improved perimeter fencing, lighting, and video surveillance cameras.

To help prevent fare evasion, the District is currently undertaking efforts to improve station security infrastructure through, for example, installing higher barriers and bringing elevators into the paid area, which program will be completed by the end of Fiscal Year 2021-22. In September 2019, the Board of Directors approved a new swing style barrier design for all new fare gates and directed the District to develop a funding strategy for the replacement of existing fare gates with swing style barrier fare gates and anticipates issuing a Request for Proposals in Fiscal Year 2021-22 for systemwide implementation of new faregates.

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.

Transbay Corridor Core Capacity Project. Prior to the COVID-19 pandemic, BART 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 rail cars, 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 discussions of CBTC system and traction power upgrades 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 Program. In September 2020, the District entered into Full Funding Grant Agreement with the FTA for a \$1.17 billion Capital Investment Grant (“CIG”) to help fund the Transbay Corridor Core Capacity Project. Other minor capacity enhancement projects such as tail track improvements and crossovers are implemented as grant funding is secured through a variety of sources. The Transbay Corridor Core Capacity Project is projected to cost approximately \$2.7 billion, and is anticipated to be funded by the \$1.17 billion CIG along with approximately \$1.53 billion in local, state and regional matching funds.

Transit-Oriented Development. The Board has adopted four 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, then 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. On August 27, 2020, BART adopted its Assembly Bill 2923 Development Principles, which guides the District to (i) prioritize TOD projects that cost effectively implement its TOD-related policies; (ii) work in partnership with local jurisdictions and communities to deliver regionally impactful TOD projects; (iii) work with jurisdictions to incorporate local design standards that result in TOD projects that follow global best practices in design, access and scale; and (iv) encourage sustainable mobility for residents, workers, visitors and the District’s customers.

BART and its private development partners have completed, are planning or constructing multiple residential and commercial projects located at or adjacent to stations in Alameda and Contra Costa Counties. Participation in the planning and development process does not commit the District to funding any project.

BART Headquarters Acquisition and Improvement

In 2019, the District acquired a newly renovated building to use as its new headquarters and relocated to the building in July 2021. Located at 2150 Webster Street in Oakland, the approximately 245,000 square feet, ten-story building was constructed in 1975 using concrete cast in place construction. BART financed the cost of the acquisition and improvement of the property by issuing 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. See “BART FINANCINGS AND CAPITAL PROGRAMS – Sales Tax Revenue Bonds” herein.

Funding Developments

Pension Reform Act and Grant Funding. The Urban Mass Transportation Act of 1964 (the “UMTA”) 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 DOL has been refusing to certify the release of grants pursuant to a protracted dispute involving pension reform in California.

The California Public Employees’ Pension Reform Act (“PEPRA”), State legislation 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. 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 PEPRAs 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 PEPRAs. 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. In October 2021, however, the DOL returned to the position it adopted in 2013 and 2015, which it found to be superior despite having unsuccessfully defended that position in court. The DOL clarified that its change of position would apply only to future grant applications. The State moved for an order to stay the DOL's 2021 determination and submitted declarations from BART and other transit agencies regarding the harm that the DOL's 2021 determination would cause. Both the DOL and ATU opposed the State's request to stay the effects of DOL's 2021 determination. On December 19, 2021, the Court granted the State's motion and preliminarily enjoined DOL from failing to process and certify grant applications by California transit agencies as required by the UMTA or from relying on PEPRAs as a basis to deny, withhold, delay, or otherwise limit the certification of such grants under Section 13(c) of the UMTA. A hearing on dispositive motions was held on February 11, 2022 and the parties are awaiting a decision.

A dispositive ruling in favor of the DOL that prevents the certification of federal transit grants or interferes with prior certifications would have a material adverse effect on the District's finances. 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 State Transit Assistance ("STA"), which are derived from actual receipts of the sales tax on fuel and diesel fuel. 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. BART's STA funds are allocated by MTC.

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. The District received approximately \$8.4 million and approximately \$8.5 million of LCTOP in Fiscal Year 2019-20 and Fiscal Year 2020-21, respectively, which funds were programmed for BART to Antioch operations in each respective fiscal year. In addition, the District generates operating revenues through the generation and sale of credits under the State's Low Carbon Fuel Standard ("LCFS"). The LCFS allows low- and zero-carbon fuel producers and transportation providers to generate credits and requires high-carbon fuel providers to purchase credits while they

work to reduce their carbon content. As a rail transportation agency which operates an electrified commuter rail system, the District generates LCFS credits and can translate these credits into revenues by selling them to high carbon fuel providers, such as oil refineries. In Fiscal Year 2020-21, the District generated approximately \$3.0 million from the LCFS. For additional information regarding LCTOP and the LCFS, see Note 8 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 October 21, 2021 the Association of Bay Area Governments (“ABAG”) and the MTC jointly adopted Plan Bay Area 2050 (the “Bay Area Plan”), an integrated transportation and land-use strategy through 2050 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 connects the elements of housing, the economy, transportation and the environment through 35 strategies intended to make the Bay Area more equitable for all residents and more resilient in the face of unexpected challenges. In the short-term, the Bay Area Plan identifies more than 80 specific actions for MTC, ABAG and partner organizations to take over the next five years to make progress on each of the 35 strategies. BART plays a critical role in meeting major goals and objectives of the Bay Area Plan.

The Bay Area Plan sets forth a \$1.4 trillion vision for policies and investments to make the nine-county region more affordable, connected, diverse, healthy and economically vibrant for all its residents through 2050. While it is not a funding plan, projects and strategies must be included in the Bay Area Plan to be eligible for regional discretionary funds. The Bay Area Plan includes approximately \$468 billion for housing strategies, approximately \$234 billion for economic strategies, approximately \$578 billion for transportation strategies, and approximately \$103 billion for environmental strategies. Approximately 76% (or \$440 billion) of funds for transportation strategies will be used to maintain and optimize the existing system, and of such amount, approximately \$389 billion will be used to restore, operate, and maintain the Bay Area’s existing roads and transit infrastructure, and reverse COVID-19 pandemic-related cuts to total transit service hours. Additionally, approximately 21% (or \$122 billion) of funds for transportation strategies will be used to build a next-generation transit network, and of such amount, approximately \$81 billion will be used to expand and modernize the regional rail network, including the second phase of the Silicon Valley Extension.

BART continues to receive approximately \$50-55 million per year in capital renovation funds from the FTA Sections 5307 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 30-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. Under the Settlement, BART 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 \$145 million has been generated for BART’s vehicle replacement program. 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 authorizes a 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 (the “Jarvis Lawsuit”).

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 Jarvis Lawsuit, the “Challenges to SB 595 and RM3”). After the defendants prevailed at the local level, 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. On August 10, 2020, appellants filed a petition in the Supreme Court of California seeking review of the Court of Appeal’s decision. The Supreme Court granted review on October 14, 2020, but ordered briefing deferred pending resolution of another case, *Zolly v. City of Oakland (Zolly)*. In *Zolly*, the Court of Appeal held that local-government-imposed franchise fees, which the Court of Appeal stated are arguably subject to a similar exception for entrance to or use of local agency property under Article XIII C of the California Constitution, must be reasonably related to the value of the franchise. The City of Oakland petitioned the California Supreme Court for review of the Court of Appeal’s decision in *Zolly* and, on August 12, 2020, the California Supreme Court granted review.

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 Crowe LLP (“Crowe”), San Francisco, California, is included as Appendix B to this Official Statement. See Appendix B—“SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT REPORT ON AUDIT OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021.” The financial statements of the District included in Appendix B to this Official Statement have been audited by Crowe, whose report thereon appears in such Appendix. Crowe was not requested to consent to the inclusion of its report in Appendix B, nor has Crowe 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 Crowe with respect to any event subsequent to the date of its report.

Historical Financial Results

The following table summarizes BART’s historical financial operating results for its General Operating Fund for the Fiscal Years ending June 30, 2016 through June 30, 2021. 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. See Appendix B—“SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT REPORT ON AUDIT OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021.” 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)					
	2016	2017	2018	2019	2020	2021
Annual Passengers (thousands)	128,524	124,171	120,554	118,104	83,678	16,132 ⁽¹⁾
Operating Revenues						
Passenger Revenues - Net	\$489,583	\$485,674	\$481,783	\$482,644	\$341,587	\$62,529
Investment Income ⁽²⁾	1,120	2,329	4,742	3,700	4,380	616
Other	56,217	61,426	64,831	72,040	53,347	27,981
Total Operating Revenues	\$546,920	\$549,429	\$551,356	\$558,384	\$399,314	\$91,126
Financial Assistance:						
Sales Tax Revenues	\$241,546	\$247,185	\$257,882	\$280,385	\$266,895	\$258,522
Property Tax Revenues ⁽³⁾	38,086	41,622	45,701	48,086	52,392	54,884
Other ⁽⁴⁾	72,795	77,069	54,736	65,694	97,428	95,128
Total Financial Assistance	\$352,427	\$365,876	\$358,319	\$394,165	\$416,715	\$408,534
Total Operating Revenues and Financial Assistance (before Emergency Assistance)	\$899,347	\$915,305	\$909,675	\$952,549	\$816,029	\$499,660
Emergency Assistance ⁽⁵⁾	-	-	-	-	\$185,510	\$402,396
Total Operating Sources	\$899,347	\$915,305	\$909,675	\$952,549	\$1,001,539	\$902,056
Operating Expenses:						
Labor	\$451,769	\$514,692	\$573,996	\$586,871	\$638,386	\$578,021
Electrical Power	37,680	37,883	38,976	39,230	40,584	40,323
Express Feeder Bus ⁽⁶⁾	3,465	3,772	3,126	4,054	7,992	2,704
Purchased Transportation-OAC	5,928	6,014	6,242	6,448	6,491	6,518
Other Non-Labor ⁽⁷⁾	139,452	153,827	150,694	154,226	143,877	133,670
Total Operating Expenses Net ⁽⁸⁾	\$638,294	\$716,188	\$773,034	\$790,829	\$837,330	\$761,236
Net Revenues	\$261,053	\$199,117	\$136,641	\$161,720	\$164,209	\$140,820
Sales Tax Bond Debt Service ⁽⁹⁾	\$48,611	\$50,448	\$45,614	\$46,640	\$45,910	\$47,035
BART Car Funding Exchange ⁽¹⁰⁾	\$50,176	\$52,548	-	-	-	-
Excess Revenues/(Deficit)	\$162,266	\$96,121	\$91,027	\$115,080	\$118,299	\$93,785
Operating Ratio ⁽¹¹⁾	83%	80%	76%	74%	51%	12%
Farebox Ratio ⁽¹²⁾	74%	70%	67%	64%	44%	8%

(1) For a discussion regarding the decline in ridership during the COVID-19 pandemic, see “THE BART SYSTEM – Ridership” herein.

(2) 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.

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

(4) The increase in other financial assistance in Fiscal Year 2019-20 is primarily attributable to increases in revenues recognized under Measure A in the current and prior years, increases in revenues received under the LCTOP, the LCFS, and other STA grant funds, and the recognition of revenues from the VTA in connection with the opening of the SVBX. The decrease in other financial assistance in Fiscal Year 2020-21 is primarily attributable to decreases in revenues recognized under Measure A, decreases in STA grant funds, and decreases in revenues received under the LCFS, which were partially offset by increases in revenues from the VTA in connection with the operation of the SVBX.

(5) Federal emergency relief grants provided by the Federal Transit Administration recognized as revenue during the fiscal year.

(6) Relates to District’s share of expenses paid to local operators providing passenger access to BART not covered by STA funds.

(7) 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.

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

(9) “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 through Fiscal Year 2018-19. For a complete discussion of BART’s long term debt, see Note 6 to the audited financial statements of the District included as Appendix B to this Official Statement.

(10) 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.

(11) 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.

(12) 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.

Management’s Discussion of Historical Financial Results

Annual BART ridership has trended downward each year from Fiscal Years 2015-16 through 2020-21. Between Fiscal Years 2015-16 and 2018-19, annual BART ridership declined from 128.5 million trips to 118.1 million trips. Ridership fell drastically beginning in March 2020 following the onset of the COVID-19 pandemic and the imposition of the Shelter-In-Place Orders resulting in Fiscal Year 2019-20 annual BART ridership of 83.7 million trips (reflecting the impact of the COVID-19 pandemic for a portion of the fiscal year), and Fiscal Year 2020-21 annual BART ridership of 16.1 million trips (reflecting the impact of the COVID-19 pandemic for the entire fiscal year). See “THE BART SYSTEM – Ridership” herein. In this six-year period between Fiscal Years 2015-16 and 2020-21, BART opened three extension projects: the Warm Springs Extension in March 2017, the Antioch Extension in May 2018, and the SVBX in June 2020. Cumulatively, these projects have the potential to add thousands of net new riders to the BART System. Prior to the COVID-19 pandemic, any such ridership gains attributable to the Warm Springs Extension or the Antioch Extension 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. A similar decline in ridership due to TNCs occurred at the SFO station.

Passenger revenue peaked at approximately \$490 million in Fiscal Year 2015-16 due to fare increases and ridership growth. Passenger revenue began to decrease moderately 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 period and because most of the ridership loss was in short trips that generate less revenue per trip. Passenger revenue declined greatly due to the COVID-19 pandemic, and was \$342 million in Fiscal Year 2019-20, 30.2% lower compared to the peak revenue in Fiscal Year 2015-16, and was \$63 million in Fiscal Year 2020-21, 87.2% lower compared to the peak revenue in Fiscal Year 2015-16. Despite the decline in passenger revenues, total operating sources increased from \$899 million in Fiscal Year 2015-16 to \$902 million in Fiscal Year 2020-21. This increase is due primarily to the utilization of emergency relief grants provided by the federal government due to the COVID-19 pandemic, which offset declines in passenger revenue. See “INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak” in the forepart of this Official Statement. In addition, between Fiscal Years 2015-16 and 2020-21, the District also saw increases to sales tax and property tax revenues, and other operating revenue.

Sales tax revenues were \$242 million in Fiscal Year 2015-16 and increased to \$280 million in Fiscal Year 2018-19. The sales tax revenues in Fiscal Year 2018-19 reflected an 8.7% increase compared to the prior fiscal year, but some of those revenues may be derived from the prior year and sales tax revenues totaled \$267 million for Fiscal Year 2019-20. Due to the COVID-19 pandemic, the sales tax revenues for Fiscal Year 2020-21 further declined to \$259 million.

Other operating assistance received by BART includes STA, ranging from \$10.1 million to \$32.5 million received annually during Fiscal Year 2015-16 through Fiscal Year 2020-21, although amounts have fluctuated. STA revenues for Fiscal Year 2020-21 were \$21.4 million. Additional financial assistance comes from BART’s portion of the one percent (1%) general

property tax levy, which ranged from \$38.1 million in Fiscal Year 2015-16 to \$54.9 million in Fiscal Year 2020-21, with annual growth rates between 4.8% and 9.8% after recovery from the recession and continued increases in Bay Area real estate prices despite the COVID-19 pandemic. The District also received operating assistance from the VTA in connection with the completion of the SVBX in June 2020. The District received approximately \$1 million in Fiscal Year 2019-20, and approximately \$37 million in Fiscal Year 2020-21 from the VTA.

Emergency assistance allocated to BART in connection with the COVID-19 pandemic includes approximately \$377 million received under the CARES Act, approximately \$378 million received under CRRSSA, and approximately \$853 million under the American Rescue Plan Act of 2021 (the “Rescue Plan Act”). See “INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak” in the forepart of this Official Statement. The table below details the amount of federal emergency assistance funds expended by the District in Fiscal Years 2019-2020 and 2020-2021, as well as the first half of Fiscal Year 2021-22.

Emergency Assistance Funds Expended by the District

Emergency Assistance (millions)	CARES Act*	CRRSSA	Rescue Plan Act	Total ⁽¹⁾
Total Amount Allocated to the District	\$377,053	\$378,138	\$853,113	\$1,608,304
Amount Expended in Fiscal Year 2019-20	120,304	-	-	120,304
Amount Expended in Fiscal Year 2020-21	256,750	41,339	-	298,089
Amount Expended in Fiscal Year 2021-22 (through December 31, 2021)	-	127,184	-	127,184
Remaining Amount	-	\$209,615	\$853,113	\$1,062,728 ⁽²⁾

⁽¹⁾ Columns may not add due to rounding.

⁽²⁾ BART has already received approximately \$829,203,000 of such remaining amount from FTA and expects to draw down the remainder from FTA in the future.

Operating expenses, excluding depreciation, increased by approximately \$123 million between Fiscal Year 2015-16 and Fiscal Year 2020-21. Expense increases during these six years included additional service and investments in the BART System, the opening of the Warm Springs Extension (March 2017), the opening of the Antioch Extension (May 2018), the opening of the SVBX (June 2020), 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. In October 2020, the Board of Directors approved a seven-point plan to reduce operating expenses in order to address the short- and long-term impact of the COVID-19 pandemic on ridership. The plan included (i) pursuing efficiencies around contracting and other reductions to BART’s non-labor budget; (ii) continuing BART’s hiring freeze and eliminating most current vacancies; (iii) negotiating a retirement incentive package with labor union leadership; (iv) re-assigning or re-training staff wherever possible to fill critical gaps created by departures; (v) filling critical capital budget vacancies with operating staff wherever possible; (vi) allocating service dependent staff to capital projects to accelerate capital program delivery; and (vii) exploring additional cost savings measures with labor partners and non-represented employees. Through the implementation of this plan, net operating expenses, excluding depreciation, declined by approximately \$76 million in Fiscal Year 2020-21 compared to the prior fiscal year. This reduction included a decline in net

labor expenses by approximately \$60 million, which was driven by a decrease of approximately \$26 million in overtime expenses, an increase of approximately \$23 million in labor reimbursement through the redeployment of staff to capital projects, a decrease in other postemployment benefit expenses of approximately \$30 million (offset by increases of approximately \$14 million in connection with the retirement incentive package, and approximately \$7 million in COVID-19-related benefits paid to employees as mandated by the federal government and the State), and a decrease in temporary services of approximately \$2 million. The overall reduction also included a decline in non-labor expenses of approximately \$20 million, which was driven primarily by a decrease of approximately \$7 million in interchange fees, Clipper Card, and other bank fees, and a decrease of approximately \$10 million in purchased transportation related expenses due to reduced ridership and paratransit trips.

Electric power costs increased slightly over the past six years, growing by a modest 7% mainly due to incremental costs to source electric supply from carbon-free sources, higher energy use due to system expansion, 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 achieved operating ratios of above 70% in the recent years before the COVID-19 pandemic, well above national averages for urban transit systems. Due to the impacts of the COVID-19 pandemic, the District's operating ratio fell drastically to a low of 12% for Fiscal Year 2020-21.

The District proceeded with major capital projects in Fiscal Year 2020-21, 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 2021-22 and Preliminary Budget for Fiscal Year 2022-23

On June 10, 2021, the Board of Directors adopted its operating budget for Fiscal Year 2021-22 (the "2021-22 Budget"). The 2021-22 Budget reflects the extraordinary challenges that BART continues to face due to the COVID-19 pandemic, as well as continued challenges posed by declining fare revenue, increased operating expenses, and aging infrastructure. After each of the Three BART Counties instituted the Shelter-In-Place Orders in March 2020, ridership on the BART System declined to approximately 6% of expected ridership. Ridership increased from approximately 8% of expected ridership in July 2020 to approximately 18% of expected ridership in Fiscal Year 2020-21. See "THE BART SYSTEM – Ridership" herein. Given the uncertainty surrounding the future course of the COVID-19 pandemic and the recovery of rail transit ridership, the District developed three different ridership scenarios while creating the 2021-22 Budget. The base case scenario, on which the 2020-21 Budget is based, projects that ridership will average approximately 36% of pre-COVID-19 pandemic levels in Fiscal Year 2021-22. During the first four months of Fiscal Year 2021-22, monthly ridership outperformed the assumed ridership level in the 2021-22 Budget, but fell below such level following the onset of the Omicron variant of COVID-19. As of March 31, 2022, monthly ridership remained 35% below the assumed ridership

level in the 2021-22 Budget. Under new labor agreements effective Fiscal Year 2021-22 through either Fiscal Year 2023-24 or Fiscal Year 2024-25, labor cost growth is anticipated to slow over the next three years. See “DISTRICT FINANCIAL INFORMATION – Labor Relations and Employee Retirement Benefits” herein.

Operating expenses in Fiscal Year 2021-22 are budgeted to increase by approximately 1.0% from the adopted Fiscal Year 2020-21 budget, mainly due to increases in net labor costs. Operating sources in Fiscal Year 2021-22 are budgeted to increase approximately 11.3% from the adopted Fiscal Year 2020-21 budget, mainly due to increases in sales tax proceeds, fare revenues, and emergency federal assistance used to fill the budget gap created by reduced ridership levels. In particular, the District is able to achieve a balanced budget in Fiscal Year 2021-22 by utilizing emergency federal assistance. See “INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak” in the forepart of this Official Statement.

The Board of Directors intends to review the Fiscal Year 2021-22 Budget quarterly and take actions within its powers to address any revenue shortfalls, with use of available federal assistance as may be necessary to achieve a balanced budget in Fiscal Year 2021-22.

The operating budget for Fiscal Year 2022-23 is currently under development and expected to be approved by the Board of Directors in June 2022. In March 2022, the District released its preliminary budget for Fiscal Year 2022-23 (the “Preliminary 2022-23 Budget”). The Preliminary 2022-23 Budget projects that operating expenses in Fiscal Year 2022-23 will increase by approximately 1.6% from the 2021-22 Budget, mainly due to increases in traction power and other non-labor costs, partially offset by a reduction in net labor expenses. Operating sources in Fiscal Year 2022-23 are projected to increase by approximately 1.2% from the 2021-22 Budget, mainly due to increases in fare revenues and sales tax proceeds. The Preliminary 2022-23 Budget projects that the District will need to utilize approximately \$328.5 million in federal emergency assistance to fill the budget gap in Fiscal Year 2022-23.

The District’s long-term ridership outlook projects that average weekday ridership will gradually recover and stabilize below pre-COVID-19 pandemic levels. Under the base case scenario, the District projects that ridership will stabilize at 70% of pre-COVID-19 pandemic levels over the long-term, while under the upside and downside scenarios the District projects that ridership will stabilize at 80% and 60% of pre-COVID-19 pandemic levels, respectively, over the long-term.

As of January 2022, the District had approximately \$1.06 billion in emergency federal assistance remaining, and the District projects that it will utilize such funding to cover projected budget deficits through approximately September 2025. The District anticipates that it will face budget deficits beginning in Fiscal Year 2025-26, and will need to pursue various strategies, including additional assistance to achieve a balanced budget.

The table below shows the revenue and expense projections in the adopted 2021-22 Budget compared to the revenues and expenses in the Preliminary 2022-23 Budget:

District Operating Budget (millions)	Fiscal Year 2021-22 Adopted*	Fiscal Year 2022-23 Preliminary*	Fiscal Year 2021-22 vs. Fiscal Year 2022-23*
Revenue			
Passenger Revenue (Rail and ADA)	\$ 166.4	\$ 222.2	\$ 55.8
Non-Fare Revenue	29.3	32.5	3.2
Total Financial Assistance	437.3	448.0	10.7
<i>Sales Tax Proceeds</i>	261.7	299.0	37.3
<i>Property Tax Proceeds</i>	54.5	58.0	3.5
<i>Low Carbon Transit Operations Program</i>	4.4	10.3	5.9
<i>Low Carbon Fuel Standard Program</i>	22.6	16.6	(6.0)
<i>Other</i>	94.2	64.1	(30.1)
Federal Emergency Assistance	385.7	328.5	(57.2)
Total Sources	1,018.7	1,031.2	12.5
Expense			
Net Labor and Benefits	649.7	646.8	(2.9)
Power	48.9	52.7	3.8
Other Non-Labor	134.6	144.3	9.7
ADA Paratransit	14.0	16.7	2.7
Purchased Transportation	12.4	12.7	0.3
Total Expense	859.6	873.2	13.6
Sales Tax Debt Service and Allocations	159.1	158.0	(1.1)
TOTAL USES	1,018.7	1,031.2	12.5

BART's \$1.42 billion capital budget for Fiscal Year 2021-22 reflects a 5.8% decrease from the capital budget for Fiscal Year 2020-21, during which BART took advantage of reduced ridership to accelerate critical projects. Approximately 48% of the capital budget for Fiscal Year 2021-22 is directed to the System Reinvestment Program, including \$390 million directed towards rail vehicle replacement, \$215 million directed at track and structures rehabilitation and traction power reinvestment, \$34 million directed at station renovation and wayfinding improvements, \$22 million directed at renewing components of the existing train control system, and \$22 million directed at Measure RR funded facilities upgrades and replacements. Additional expenditures include approximately \$524 million for service and capacity enhancements, \$86 million for the Earthquake Safety Program, \$79 million for system expansion projects, \$39 million for safety and security, 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.

BART's preliminary capital budget for Fiscal Year 2022-23 is currently under development. The Preliminary 2022-23 Budget projects an approximately \$1.44 billion capital

* Columns may not add due to rounding.

budget for Fiscal Year 2022-23, reflecting a 1.2% increase from the capital budget for Fiscal Year 2021-22. Approximately 48% of the preliminary capital budget for Fiscal Year 2022-23 is directed to the System Reinvestment Program, including \$402 million directed towards rail vehicle replacement, \$209 million directed at track and structures rehabilitation and traction power reinvestment, \$27 million directed at station renovation and wayfinding improvements, \$20 million directed at renewing components of the existing train control system, and \$23 million directed at Measure RR funded facilities upgrades and replacements. Additional expenditures in the preliminary capital budget include approximately \$593 million for service and capacity enhancements, \$69 million for the Earthquake Safety Program, \$63 million for system expansion projects, \$23 million for safety and security, 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.

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. Additional catastrophic 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, 2021 are projected to total \$58,006,709 (undiscounted). The required reserves discounted 3% are \$48,423,405. Ultimate District workers' compensation losses are limited to \$4,000,000 self-insured retention per occurrence for the forecast periods and are estimated at \$17,659,623 for Fiscal Year 2021-22 and \$17,695,400 for Fiscal Year 2022-23. Outstanding losses for automobile and general liability are projected to be \$16,418,357 (undiscounted). The required reserves discounted 3% are \$15,780,045.

The District also has 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 and Working Capital Fund as of March 31, 2022.

INVESTMENT DISTRIBUTION as of March 31, 2022

Certificates of Deposit	\$890,098
Cash on Hand and in Bank	194,572,009
Investments – Foreign Obligations	30,761,649
Investments – Treasury Bonds & Notes	509,936,594
Total	<u><u>\$736,160,350</u></u>

Source: District.

As of March 31, 2022, 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 April 1, 2022, the District has 3,915 employees, of which 3,848 are full-time and 67 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, some 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 and civilian supervisors are represented by the BART Police Managers Association ("BPMA"). In 2020, the District and ATU, SEIU and AFSCME entered into agreements to extend their respective collective bargaining agreements ("CBAs") and to create successor CBAs that will be in effect through June 30, 2024. In 2021, the District and the BPOA and BPMA entered into agreements to extend their respective CBAs and create successor CBAs that will be in effect through June 30, 2025. Given the financial uncertainty surrounding the COVID-19 pandemic, the District and its unions agreed to limited scope negotiations focused primarily on wages. Each of the five CBAs provide for no wage increases in the first year, and provide for potential modest wage increases in the second and third year conditioned upon the District's ridership returning to at least 60% of pre-COVID-19 pandemic levels.

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. Since July 1, 2020, all employees represented by ATU, SEIU and AFSCME, as well as non-represented employees, contribute 8% of their wages to their pensions. Since July 1, 2021, BPOA and BPMA safety employees contribute 10% to 14.25% of their wages

to their pensions, depending on their CalPERS status. In addition, employee contributions to medical premiums continue to increase 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 in the event that ridership increases above certain forecasted levels, but in Fiscal Year 2020-21 ridership levels were such that no lump sum payment was owed.

BART has generally enjoyed stable relations with its labor force, and expects to enjoy continued stability in its labor relations through at least June 30, 2024. 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 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 2,892 local public agencies (including the District), school districts and charter schools within the State of California according to CalPERS. 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 PEPRAs under the Miscellaneous Plan, vest after five years of service and may receive retirement benefits starting at age 52. Under PEPRAs, 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 the DOL. The temporary exemption expired on December 30, 2014 and all transit employees became subject to PEPRAs. See "BART FINANCINGS AND CAPITAL PROGRAMS – Funding Developments – Pension Reform Act 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 9 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 2021, which were based on financial data available from the District and from various CalPERS databases as of June 30, 2020. These reports established the District's required minimum employer contribution rates for Fiscal Year 2022-23, which are 8.90% of covered payroll for the Employer Normal Cost and \$66,764,335 for the Employer Payment of Unfunded Liability for the Miscellaneous Plan and 25.92% of covered payroll for the Employer Normal Cost and \$14,945,561 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.

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The following chart lists the District’s employer required contribution rates for Fiscal Years 2022-23, 2021-22, and 2020-21.

<i>Contribution Rates</i>			
Valuation Date	Fiscal Year	Employer Rate for Miscellaneous	Employer Rate for Safety
6/30/20	2022-2023	8.90% + \$66,764,335	25.92% + \$14,945,561
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

Sources: CalPERS Annual Valuation Report as of June 30, 2020.

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.

Certain District employees pay their CalPERS employee contribution and also reimburse the District for a portion of the employer contribution. For “classic” miscellaneous non-police employees the employee contribution is seven percent (7%) and the reimbursement of the employer contribution is one percent (1%). The District, in compliance with its CBAs, reimburses the employee contribution for “classic” police employees and reimburses a larger portion of the employer contribution. The employer contribution reimbursement under PEPR for police employees varies by group.

Schedule of Funding Progress. The funding status applicable to the District’s CalPERS Plans at June 30, 2020 (the most current information available) 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
6/30/18	\$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%
6/30/20	\$2,759,872	\$2,001,180	\$758,692	72.5%	\$392,152	193.5%

⁽¹⁾ Dollars reflect rounding.

Sources: CalPERS Annual Valuation Report as of June 30, 2020.

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
6/30/18	\$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%
6/30/20	\$409,469	\$236,885	\$172,584	57.9%	\$27,611	625.1%

⁽¹⁾ Dollars reflect rounding.

Sources: CalPERS Annual Valuation Report as of June 30, 2020.

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 added an additional \$10 million in Fiscal Years 2019-20 and 2020-21. The District intends to continue to add to the Trust through Fiscal Year 2028-29. 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 2020-21 and 2019-20 were \$12,376,000 and \$13,195,000, respectively. The MPPP assets at June 30, 2021 and 2020 (excluded from the accompanying financial statements) per the plan administrator’s unaudited reports were \$432,831,000 and \$348,117,000, respectively. As of June 30, 2021, there were approximately 293 (326 in 2020) participants receiving payments under this plan. For additional information regarding MPPP, see Note 10 to the audited financial statements of the District included as Appendix B to this Official Statement.

Other Post-retirement Benefits

Post-retirement Health Care Costs. In addition to the retirement benefits described above and as specified in the District’s contractual agreements, the District provides post-retirement 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 10, 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 post-retirement 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 September 9, 2021, entitled “Retiree Healthcare Plan, June 30, 2020 Actuarial Valuation” and report dated September 9, 2021 entitled “Retiree Life Insurance, June 30, 2020 Actuarial Valuation” (the “Bartel Report”), 2,510 retirees and surviving spouses are provided retiree medical benefits. The District made payments on an actuarial basis totaling \$45,978,000 (including subsidy valued at \$4,655,000) in Fiscal Year 2020-21 and \$41,832,000 (including subsidy valued at \$4,413,000) in Fiscal Year 2019-20 and life insurance premiums amounting to \$1,030,000 (including subsidy valued at \$892,000) in Fiscal Year 2020-21 and \$1,367,000 (including subsidy valued at \$1,210,000) in Fiscal Year 2019-20.

At June 30, 2021, net assets 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 \$501,321,000.

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, 2020 is estimated at approximately \$642.2 million. The report also contained projected per capita claims cost updates based on Calendar Years 2019 and 2020 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)
6/30/2018	\$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%
6/30/2020	\$389,128	\$581,778	\$192,650	66.9%	\$442,963	43.5%

* The projected covered payroll is calculated out two years from the date of the actuarial valuation date.
Source: Bartel Report dated September 9, 2021.

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 11 to the audited financial statements of the District included as Appendix B to this Official Statement.