



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/28/2026		6/4/2026		BOARD INITIATED ITEM: No	
Originator/Prepared by: Monica Gonzalez Dept: Office of the CFO		General Counsel		Chief Financial Officer	
Signature/Date:		DocuSigned by: <i>Amelia Sandoval-Smith</i> 2528C067C44147D...		Signed by: <i>Joseph Beach</i> 7D9A7C6E7348456...	
Signed by: <i>Monica Bourice-Gonzalez</i> E0FF301884D845B... 6/3/2026		DocuSigned by: <i>Amelia Sandoval-Smith</i> 2528C067C44147D... 6/3/2026 []		Signed by: <i>Joseph Beach</i> 7D9A7C6E7348456... 6/3/2026 []	
				DocuSigned by: <i>Robert Franklin</i> AFF4529E1F0D45C... 6/4/2026 []	
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				District Secretary	
				BARC	

State Loan Agreement with the Metropolitan Transportation Commission (MTC)

PURPOSE: Authorize the General Manager to execute a loan agreement with the Metropolitan Transportation Commission (MTC) for loan proceeds made available by the California State Transportation Agency (CalSTA).

DISCUSSION:

Approval by the Board of Directors is required for the General Manager to execute a loan agreement with the Metropolitan Transportation Commission (MTC). The loan from MTC (State Loan) is made available pursuant to Assembly Bill 117 (AB 117), which was approved by the Legislature and signed into law by Governor Newsom on February 19, 2026 and contains the following provisions:

On or before July 1, 2026, the California State Transportation Agency (CalSTA) will loan to MTC up to \$590 million of funding approved under the Transit and Intercity Rail Capital Program (TIRCP) for capital projects within the Bay Area region. MTC is required to use the proceeds of the loan to offer operating loans to Bay Area Transit Operators. In addition to BART, the Transit Operators include the Alameda Contra Costa Transit District, the Peninsula Corridor Joint Powers Board (CalTrain), and the San Francisco Municipal Transportation Agency. By joint stipulation of the Transit Operators, BART's allocation of the \$590 million loan proceeds would be \$285 million. CalSTA and MTC concluded negotiations on the terms of their loan agreement and the Transit Operators have recently agreed with MTC on the form of operator loan agreements with MTC, including the following terms:

The loan shall be repaid in quarterly installments to the Metropolitan Transportation Commission over a period of 12 years calculated from the original loan issue date in late



June 2026 subject to the following terms:

1. The first two years of the loan repayment period shall consist of quarterly interest-only payments. The first quarterly interest only payment is scheduled for August 28, 2026.
2. After two years from the original loan issue date, repayment shall consist of quarterly payments based on an amortization schedule factoring in full repayment of both outstanding interest and principal amounts over the remaining loan term. The first quarterly payment that includes both interest and principal is scheduled for September 5, 2028.
3. The interest rate shall be the most recent quarterly interest rate earned on investments in the Surplus Money Investment Fund (SMIF) managed by the California Local Agency Investment Fund (LAIF) during the loan repayment period. The most recent quarterly SMIF interest rate as of March 31, 2026 was 3.835%. This rate compares favorably with the benchmark ten-year Treasury rate of 4.30% during the same time period.
4. Disbursement of the total loan proceeds of \$285 million will occur in two semi-annual installments beginning with the loan inception date in late June 2026 with the second installment on the first Business Day of calendar year 2027; provided that, MTC shall review, by January 1, 2027, in consultation with CalSTA, the planned distribution to the District and make any necessary adjustments to such remaining disbursement in accordance with the terms of AB 117.
5. Pursuant to the terms of AB 117, the District is required to provide as security for the Loan, a pledge and assignment to MTC, the District's State Transit Assistance (STA) Revenue-Based Funds. The estimated STA revenues for BART are \$45.8 million in FY26 and \$38.5 million in FY27.
6. A failure by one Transit Operator to timely repay its loan obligation does not create a liability for any other Transit Operator.

FISCAL IMPACT: Interest and principal debt service on the State Loan will be paid in accordance with the loan agreement with MTC. Quarterly interest only payments will begin in the first quarter of FY27 and principal and interest debt service payments will begin in the first quarter of FY29. Estimated quarterly interest payments due during FY27 are included in the FY27 Operating Budget scheduled for adoption by the Board on June 11, 2026. Principal and interest payments associated with any planned use of the loan proceeds will be included in the FY28-FY31 financial projections.

ALTERNATIVES: Do not authorize the General Manager to accept the State Loan. Any borrowing required to fund the FY27 Adopted Operating Budget would be through funds made available by the second tranche of the TIFIA Loan Proceeds.

RECOMMENDATION: Adoption of the following motion.

MOTION: The Board authorizes the General Manager or his designee to execute an operating loan agreement in substantially the same form as the attached form of loan agreement with the Metropolitan Transportation Commission for up to \$285 million.