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 operates within the Counties of Santa Clara and San Mateo, including providing service to the San Francisco International Airport ("SFO"). The District and the Santa Clara Valley Transportation Authority ("VTA") are currently partnering on an extension of the BART system to downtown San Jose. The first phase of the extension of BART's rapid transit system (the "BART System") into the County of Santa Clara was completed and opened for service in June of 2020, connecting the Warm Springs Station in Fremont with service to the newly opened Milpitas and Berryessa/North San José stations. Construction for the second phase of such extension is currently underway. See "BART FINANCINGS AND CAPITAL PROGRAMS – System Development Program – *Silicon Valley Extension*" 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.

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 election districts are adjusted to reflect population changes after every national census. Each of 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's Directors are:

Director	District	City of Residence	Term Expiration (December)
Mark Foley, President	2	Antioch	2026
Melissa Hernandez, Vice President	5	Dublin	2028
Elizabeth Ames	6	Union City	2026
Victor Flores	7	Oakland	2028
Barnali Ghosh	3	Berkeley	2028
Janice Li	8	San Francisco	2026
Robert Raburn	4	Oakland	2026
Matt Rinn	1	Pleasant Hill	2028
Edward Wright	9	San Francisco	2028

The executive management staff of the District consists of statutory officers appointed by the Board and operating managers appointed by the General Manager or the Chief Financial Officer, as applicable.

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 $1.15 billion, oversees approximately $1.13 billion in capital projects, and leads an agency with approximately 4,600 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.

Jeana Zelan, General Counsel

Ms. Zelan has served as an attorney in the Office of the General Counsel since 2008 and was appointed General Counsel in March 2024. In this role, she is responsible for delivering comprehensive legal services to every executive office and department at BART. Ms. Zelan directly advises the Board of Directors on its functions and duties and counsels executive management regarding legal issues arising from the District's operations. Prior to serving as General Counsel, Ms. Zelan served as Associate General Counsel starting in June 2021. As a staff attorney prior to her appointment as Associate General Counsel, Ms. Zelan provided advice and counsel primarily in the areas of employment law, employee benefits, ethics law, and procurement and construction matters. Ms. Zelan received a Bachelor of Arts degree in Government from Connecticut College and a Juris Doctor degree from the University of California, Berkeley School of Law.

Principal executive management staff appointed by the General Manager include:

Joseph F. Beach, Chief Financial Officer

Mr. Beach was appointed Chief Financial Officer of the District effective December 9, 2024. In this capacity, Mr. Beach is responsible for the overall planning and management of all District financial functions including Accounting, Treasury, Insurance, and Risk Management, and provides strategic direction for Financial Planning, Internal Audit, Budget, and Funding Strategy. Mr. Beach has also served in senior level public finance roles with Montgomery County, Maryland and the Washington Suburban Sanitary Commission (WSSC Water). A graduate of the University of Michigan, Mr. Beach also holds a Master of Arts degree in Public Affairs from the George Washington University, a Juris Doctor degree from the University of Baltimore, and was admitted to the Maryland state bar.

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 Arts degree in Urban and Regional Planning from the University of Florida.

Erin Spragan, Assistant General Manager, Finance

Ms. Spragan was appointed the Assistant General Manager of Finance for the District in June 2025. In this role, she directs BART's Finance Executive Office, leading areas that include Financial Controls, Treasury and Risk Management. Previously, Ms. Spragan served as Chief Financial Officer of the Transbay Joint Powers Authority, where she managed capital-market financing for the Salesforce Transit Center and other major program elements. She also served as the City of Oakland's Director of Finance. Ms. Spragan holds Master of Public Administration and Master of City & Regional Planning degrees, as well as a Bachelor of Arts degree in Political Science with a minor in Business Economics, all from the University of Texas at Arlington.

Shane Edwards, Assistant General Manager, Operations

Mr. Edwards was appointed the Interim Assistant General Manager of Operations of the District on July 31, 2021, and was appointed Assistant General Manager of Operations of the District on June 6, 2022. In this role, Mr. Edwards is responsible for the day-to-day delivery of safe, clean, reliable train service. Mr. Edwards joined 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.

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. 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 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, through downtown San Francisco and 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. BART's expansive rail service connects to more than 20 transit operators throughout the Bay Area and nearly 90% of the region's transit transfers involve a leg on BART. 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 a terminus in the City of Gilroy in Santa Clara County. The Richmond and Coliseum stations in the East Bay provide intermodal transfers to the Capitol Corridor intercity rail service administered by the Capitol Corridor Joint Powers Authority between Sacramento and San Jose. The Milpitas station in Santa Clara County provides convenient transfers to the VTA light rail and bus systems, which provide commuter service throughout the greater San Jose area. The SFO station is located within SFO, providing connections to over 51 million air passengers annually. The Coliseum station in Oakland provides access to nearly 11 million air passengers annually via the OAC to the Oakland San Francisco Bay 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. The District is also required to make an annual deposit to a reserve account for the Capital Asset Replacement Program ("CARP"), which is intended to cover major maintenance and rehabilitation expenses during the term of the contract. In Fiscal Year 2023-24,[1] the District paid DCC approximately $7.6 million, and allocated approximately $1.2 million to the CARP reserve account.

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

[1] References in this Appendix A 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.

("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 Development 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.

Ridership

Average weekday passenger trips for Fiscal Years 2015-16 through 2024-25.

Average Weekday Ridership

Trip Locations:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
East Bay	87,892	84,946	82,251	79,750	57,419	14,709	27,835	35,601	39,187	41,781
West Bay	112,889	106,814	102,844	103,207	72,038	11,830	26,363	36,243	38,547	39,891
Transbay	232,613	231,636	229,071	227,815	158,810	26,383	57,113	77,731	84,640	90,308
Avg Total Weekday Trips	433,394	423,396	414,166	410,772	288,267	52,922	111,311	149,574	162,374	171,981
Percentage Annual Change	2.4%	(2.3)%	(2.2)%	(0.8)%	(29.8)%	(81.6)%	110.3%	34.4%	8.6%	5.9%

Source: The District's Monthly Ridership Reports, available at https://www.bart.gov/about/reports/ridership.

The COVID-19 pandemic, which began approximately eight months into Fiscal Year 2019-20, contributed to a sharp decline in ridership. Ridership fell drastically after each of the Three BART Counties instituted shelter-in-place orders in response to the COVID-19 outbreak on March 17, 2020. Average total weekday trips fell from approximately 411 thousand trips in Fiscal Year 2018-19 to approximately 53 thousand trips in Fiscal Year 2020-21. Since then, there has been substantial but slowing year-over-year growth in ridership: average weekday ridership in Fiscal Year 2024-25 increased 5.9% while total ridership grew 6.3%. Ridership had particularly robust growth in the January through June 2025 timeframe, with average weekday, Saturday, and Sunday ridership growing at 8%, 17%, and 10% year-over-year, respectively. This recent acceleration in ridership is due to the confluence of several factors, including the rollout of the Next Generation Fare Gates (as defined below) that reduce fare evasion, BART's Safe and Clean Plan, which riders have reported has improved quality-of-life issues, a slow increase in employees returning to downtown offices, and congestion on Bay Area bridges and highways.

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 office vacancy rates in San Francisco have persisted since the COVID-19 pandemic. The largest ridership loss continues to be during the workday downtown San Francisco commute hours. According to Kastle Systems, the San Francisco metropolitan area has the lowest office occupancy rate of the top ten largest metropolitan areas in the United States. This trend is also reflected in the higher ridership recovery on weekends compared to weekdays. Weekday ridership also continues to be more inconsistent from day-to-day compared to weekday ridership before the COVID-19 pandemic, with weekday ridership on Tuesdays, Wednesdays, and Thursdays currently over 20% higher than ridership on Mondays and Fridays. Prior to the COVID-19 pandemic, ridership on Tuesdays, Wednesday, and Thursdays averaged only 7% higher than ridership on Mondays and Fridays.

During 2025, a number of Bay Area employers have laid out expectations for employees to work in offices more days per week. According to the San Francisco Chronicle, the mayor of San Francisco is attempting to implement a policy that would require approximately 10,000 more city employees to work in the office four days per week. Additionally, according to the San Francisco Business Times, other large employers such as Gap Inc. have implemented policies to increase in-office presence.

Throughout the pandemic, BART introduced a number of initiatives to improve the rider experience, with the goal of growing and retaining riders. BART's Safe and Clean Plan increased deep cleaning of rail cars and added station scrub crews to the busiest stations. Elevator attendants are in place at four heavily utilized downtown San Francisco BART stations to provide safe and clean vertical circulation, and restroom attendants are present at seven high-ridership stations across the system. BART also increased uniformed staff presence throughout the system with more police and unarmed safety staff deployed to riding trains and formalized a Managers Riding Trains program for additional staff presence. BART established a Progressive Policing & Community Engagement Bureau within the BART Police Department, staffed with Ambassadors and Crisis Intervention Specialists who help defuse conflicts and connect people in crisis with support services. The Next Generation Fare Gates program provides an added layer of security for passengers.

In September 2023, BART implemented a new schedule to better align rail service with post-pandemic passenger demand. The wait time between trains on evenings and weekends was reduced to 20 minutes, from 30 minutes, and trains were shortened during less crowded times. At the same time, BART transitioned to running all new train cars and ensuring proper staffing levels for front-line positions (i.e., those that interact directly with the public, including train operators, station agents, system service workers, and members of the BART Police Department). These efforts improved customer on-time performance (i.e., the percentage of customers that complete their trips within five minutes of their scheduled trip time) and nearly eliminated cancelled train trips.

An increased focus on regional fare coordination resulted in the rollout of the Clipper BayPass, a new all-you-can-ride transit pass accepted by more than 20 transit operators in the San Francisco Bay Area (the "Bay Area"). Results from Phase 1 of the pilot show a 30% increase in transit usage, compared to control groups, and Phase 2 is showing similar promising results. See

"—Passenger Fares" below for additional information regarding the Clipper BayPass. BART and transit operators across the region have also aligned schedule change dates and focused more closely on transit transfers to reduce wait times for riders transferring to or from BART and another transit operator, such as between BART and Caltrain at the Millbrae station in San Mateo County.

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 Operating Budget for Fiscal Year 2025-26" below.

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 Santa Clara County; and a premium applies to trips to and from the SFO station and the OAK station via the OAC. Since January 1, 2025, the minimum one-way fare is $2.40, and the current maximum one-way fare is $19.55 (charged for the trip between the SFO and OAK stations). BART passengers pay fares using a card (a "Clipper card"), which is available for purchase at all BART stations. The Clipper card is also available via mobile wallet and application, and increased adoption of Clipper card via mobile devices may result in some cost savings to the District relating to equipment maintenance and cash handling.

For over 20 years, BART has implemented an inflation-based fare increase program that provides for small, regular, less-than-inflation increases approximately every two years, allowing fares to keep up with the cost of providing reliable and safe service. BART's Financial Stability Policy and Fare Policy support this program. The Financial Stability Policy states that "BART's ability to deliver safe, reliable service rests on a strong and stable financial foundation," with a goal to "[p]reserve and maximize BART's fare revenue base, through a pattern of predictable fare adjustments, while retaining ridership." Strategies to achieve this goal include "[a]ligning fares with CPI-based cost growth." Additionally, a Fare Policy goal is to "[m]aintain and improve the District's financial health, in accordance with BART's Strategic Plan and Financial Stability Policy." Underscoring such strategies is a staff survey conducted among agencies in peer benchmarking groups which illustrated that regular, incremental fare increases indexed to inflation are considered a best practice.

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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**
January 2024	5.5
January 2025	5.5
January 2026	6.2***

* 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 reduced fare revenue by approximately $2.6 million in Fiscal Year 2021-22.
*** Planned fare increase.

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), adult riders earning less than 200% of the federal poverty level, and seniors or persons with disabilities. Specific terms and eligibility requirements apply to each discount program. The Metropolitan Transportation Commission ("MTC") reimburses BART for 50% of its revenue loss for Clipper START, the region's means-based discount program.

BART is currently participating in the Clipper BayPass pilot, a regional pass offering unlimited access to all transit services that accept Clipper card in the 9-county Bay Area at no cost to the passholder (except for San Francisco Muni cable cars). Riders who are part of participating institutions (such as employers or schools) pay no fare on their Clipper card; instead, the participating institutions pay a fixed fee of the total average value of transit taken by participants.

BART also plans to participate with the other Bay Area transit agencies that accept Clipper card in a Free and Discounted Transfers pilot. This pilot aims to reduce or eliminate transfer penalties between participating transit systems, encouraging multi-agency travel and increasing overall ridership. Under the pilot, when riders make a trip that requires transferring between transit agencies that accept Clipper card, the rider pays the full fare only for the trip on the first transit agency. Any transfer to another agency within two hours of the first boarding is discounted up to a limit of $2.85 per transfer. This discount is equivalent to the single-ride Clipper card fare for amounts up to the region's highest local transit fare ($2.85 as of July 1, 2025) and may change based on future local agency fare adjustments. The BART Board approved its participation in the pilot in October 2024.

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 Development 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 during public meetings in compliance with Title VI of the Civil Rights Act of 1964 and State law.

Parking Programs

BART owns and operates more than 47,000 parking spaces at 35 stations. Additionally, VTA operates approximately 3,100 parking spaces at the Berryessa/North San José and Milpitas stations.

Parking is provided in surface lots and in garages. The District offers daily fee parking and reserved parking (both single/multi-day and monthly parking) at most of its stations, and payment is required Monday through Friday from 4:00am to 3:00pm. Daily fee parking rates range from $3/day to $6.30/day, single/multi-day reserved rates ranges from $4/day to $11/day, and monthly reserved rates (at stations other than West Oakland) range from $84/month to $220/month. Rates may increase if occupancy or sales are higher than 90 percent and may be lowered occupancy or sales are below 70 percent. BART may discount rates within established ranges during periods of lower demand.

On a typical weekday, parking occupancy is currently only around 50 percent of capacity, and BART does not currently believe parking is a factor that limits ridership on the BART System.

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 370,000 megawatt-hours, with peak electric demand of approximately 67 megawatts. In calendar years 2020 and 2022, the District achieved a 100% greenhouse gas-free power supply as certified by its 2020 Power Content Label and its

2022 Power Content Label, respectively, produced under the California Clean Energy Commission's Power Source Disclosure program. In calendar year 2024, the District achieved an 86% greenhouse gas-free power supply. The percentage of the District's power supply that is sourced from greenhouse gas-free sources varies based on the availability of large hydroelectric, solar, and wind power from the District's contracted sources, as well as the size of the District's annual load.

In April 2017, the Board of Directors adopted the District's first Wholesale Electricity Portfolio Policy, mandating that procurement activities "[s]upport low and stable BART operating costs," and "[m]aximize the use of low-carbon, zero-carbon and renewable electricity supply." Specifically, this policy implemented a 100% renewable electricity commitment by 2045 and a goal of obtaining long-term cost advantages over equivalent bundled electric service available through Pacific Gas & Electric Company ("PG&E").

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. The District entered into two twenty-year renewable power purchase agreements ("PPAs") – a wholesale solar PPA and a wholesale wind PPA – that secure the majority of its electricity supply needs at cost-effective, fixed prices. The projects, located in Kings County and Kern County, respectively, serve approximately 64% of the District's annual electric load. The balance of the District's power supply is comprised of approximately 8% from large hydroelectric facilities in California, approximately 6% of federal preference hydroelectric power from the Western Area Power Administration's Central Valley Project, and approximately 8% from other registered renewable resources including the Gridley solar project, Lake Nacimiento and other small hydroelectric facilities, and five on-site solar installations at BART facilities. Finally, the District receives approximately 14% of its power supply from California's wholesale electric market for purposes of mitigating the risk of any hourly imbalances between 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. 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 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. 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% 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. In Fiscal Year 2025-26, the District's obligation with respect to such bonds is approximately $2 million. 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, it is important to the District's portfolio because it supplies approximately one-third of the District's required local resource adequacy. 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 to invest in capital assets of the BART System and improve the customer experience. In addition to grants and bridge toll revenues, capital investment in 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 repaid in full.

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.

The following issues of general obligation bonds under Measure AA will be outstanding in the amounts indicated in the table below as of August 2, 2025:

Outstanding Measure AA Bonds

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
2013 Series C	$240,000,000	$30,620,000	2033
2015 Refunding Series D	276,805,000	220,725,000	2035
2017 Refunding Series E (Green Bonds)	84,735,000	68,935,000	2037
2019 Series F-1 (Green Bonds)	205,100,000	179,080,000	2038
2019 Refunding Series G (Federally Taxable) (Green Bonds)	43,500,000	43,500,000	2037
Total	$850,140,000	$542,860,000	

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.

The following issues of general obligation bonds under Measure RR will be outstanding in the amounts indicated in the table below as of August 2, 2025:

Outstanding Measure RR Bonds

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
2017 Series A-1 (Green Bonds)	$271,600,000	$229,540,000	2047
2019 Series B-1 (Green Bonds)	313,205,000	278,690,000	2049
2020 Series C-1 (Green Bonds)	625,005,000	605,410,000	2050
2022 Series D-1 (Green Bonds)	686,730,000	677,920,000	2052
Total	$1,896,540,000	$1,791,560,000	

Pursuant to Section 29150 of the California Public Utilities Code, the District may borrow money, incur a bonded indebtedness in respect thereto, and levy taxes for the payment of principal and interest thereon, in an amount up to 3.75% of the assessed valuation of taxable property within the District. In Fiscal Year 2024-25, the assessed value of taxable property within the District was approximately $1.047 trillion, creating a limit on bonded indebtedness of approximately $39.3 billion. As of the end of Fiscal Year 2024-25, the District had approximately $2.334 billion of outstanding bonded indebtedness, which is approximately $36.958 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.

On October 29, 2024, BART obtained a loan from the United States Department of Transportation ("USDOT") under the Transportation Infrastructure Finance and Innovation Act in an amount up to $544,642,843 (the "TIFIA Loan") to reimburse the District for costs incurred for its Rail Car Procurement Program, Phase 1 (defined below). To evidence its obligations under the TIFIA Loan, the District issued its Sales Tax Junior Revenue Bonds, 2024-A TIFIA Series and its Sales Tax Junior Revenue Bonds, 2024-B TIFIA Series in the aggregate maximum principal amount of $544,642,843 (together, the "Junior Bonds"). The Junior Bonds are secured with a lien upon Sales Tax Revenues[2] on a basis that is subordinate and junior to the lien securing all other

[2] "Sales Tax Revenues" means sales tax revenues, comprised of seventy-five percent (75%) of the amounts derived from a one-half of one percent (0.5%) transactions and use tax (the "Sales Tax") imposed within the Three BART Counties pursuant to Section 29140 of the California Public Utilities Code, after deduction by the California Department of Tax and Fee Administration of its fee for administering the Sales Tax.

existing Sales Tax Revenue Bonds. The TIFIA Loan received a waiver from USDOT's non-subordination requirement, so the TIFIA Loan will not become a senior lien obligation upon an event of default or bankruptcy. To date, the District has drawn $150,000,000 on the TIFIA Loan and has drawn a corresponding aggregate amount on the Junior Bonds.

The District has until November 1, 2025 to draw the remaining funds available under the TIFIA Loan. At this time, the District is evaluating whether to request a disbursement of the remaining funds available under the TIFIA Loan, which evaluation includes an assessment of BART's ability to pay debt service on additional disbursed amounts or to prepay this portion of the TIFIA Loan (as described below). The District is considering putting BART funds received from this additional disbursement into a reserve account that could potentially help cover cashflow deficits between the successful passage of the Revenue Measure (defined below) or a similar a revenue measure to support transit operations and the receipt of revenues authorized by such a measure. If the Revenue Measure or a similar revenue measure were not successful, then BART would plan to prepay a portion of the TIFIA Loan (the amount outstanding, excluding the initial $150 million draw, plus capitalized interest thereon) with such proceeds held in the reserve account (as described above) plus investment earnings thereon. Under the loan agreement for the TIFIA Loan (the "TIFIA Loan Agreement"), there is no penalty for early prepayment.

The following issues of Sales Tax Revenue Bonds will be outstanding in the amounts indicated in the table below as of July 2, 2025:

Outstanding Sales Tax Revenue Bonds

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
Series 2015A Refunding Bonds	$186,640,000	$82,940,000.00	2034
Series 2016A Refunding Bonds	83,800,000	58,160,000.00	2036
Series 2017A Refunding Bonds	118,260,000	84,490,000.00	2034
Series 2019A Bonds	223,020,000	223,020,000.00	2044
Series 2019B Refunding Bonds (Taxable)	80,290,000	66,960,000.00	2036
2024-A TIFIA Series (Junior Bonds)	38,440,000	10,826,148.05(1)	2058
2024-B TIFIA Series (Junior Bonds)	506,202,843	142,565,742.34(1)	2059
Total	$1,236,652,843	$668,961,890.39	

(1) To date, the District has drawn a total of $150,000,000 on the Junior Bonds evidencing the TIFIA Loan. The District has until November 1, 2025 to draw the remaining funds. Balances shown include accreted interest through June 30, 2025.

BART Capital Program

As a rail system, BART is a capital asset rich transit operator with more than 80,000 capital assets. The capital program is rooted in both asset management, which tracks asset condition and plans for renovation and replacement of existing assets, and reliability-centered maintenance, which plans maintenance activities to avoid asset failures and extend asset useful life.

BART's Capital Investment Plan, most recently published in October 2024, provides a ten-year forecast of capital needs and sources, including a constrained plan that identifies funding by capital program constrained by funding sources BART reasonably forecasts it can secure over the ten-year period. The majority of BART's capital program is funded by a diversity of external sources. External capital funding sources include:

- Federal sources, including funds from the Federal Transit Administration ("FTA") Sections 5307 and 5337 Formula Funding programs; USDOT discretionary grants, such as a Capital Investment Grant or Better Utilizing Investments to Leverage Development (BUILD) grant; and discretionary grants from other federal agencies, such as the United States Department of Justice or the Federal Emergency Management Agency;

- State sources, including formula funds, such as State Transit Assistance State of Good Repair; and discretionary grants, such as Transit and Intercity Rail Capital Program ("TIRCP") grants or Solutions for Congested Corridors Program grants; and

- Regional and local sources, including bridge toll revenues or county transportation sales tax revenues.

In addition to general obligation bonds issued under Measure AA and Measure RR, BART has also from time to time issued senior lien sales tax revenue bonds to finance capital projects. As described above, BART also entered into the TIFIA Loan Agreement with USDOT to finance Rail Car Procurement Program, Phase 1. See "—General Obligation Bonds" and "—Sales Tax Revenue Bonds" above. BART also historically has contributed to its capital program through allocations from the operating budget to the capital program. Capital allocations are used to fund local match to grants, to fund capital investments that are difficult to fund with external sources, and, as approved by the BART Board, to fund major capital investments.

BART's practice is to secure project funding before committing to contracts to minimize project funding risk.

Rail Car Procurement Program

BART's rail car procurement program (the "Rail Car Procurement Program") includes two phases: Phase 1 ("Rail Car Procurement Program, Phase 1") and Phase 2 ("Rail Car Procurement Program, Phase 2"), each as described below.

Rail Car Procurement Program, Phase 1 (Rail Car Replacement). On May 10, 2012, the Board of Directors authorized the award of a contract to Bombardier Transit Corporation (which has since been acquired by Alstom SA ("Alstom")) 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 exercised such options for a total initial purchase of 775 vehicles, comprised of 310 "D" (control cab-equipped) and 465 "E" (non-control) cars. The District has received all 775 vehicles, and the last such vehicle was officially certified for passenger service on November 15, 2024.

The total project cost for the 775 vehicles was originally expected to be approximately $2.584 billion, but strong project management combined with manufacturing and engineering efficiencies accelerated vehicle delivery and reduced the total project cost by $399 million, to $2.185 billion. MTC and the District agreed that MTC, by allocation of federal and State funds, would fund approximately 75% of the purchases of the new vehicles, and BART would fund the remaining approximately 25% of the purchases under the replacement vehicle contract. Sixty vehicles were attributed to service requirements for the expansion into Santa Clara County and were funded per the terms of a cost-sharing agreement entered into by VTA and BART. In November 2023, MTC and the District entered into a Project Funding Tax and Regulatory Agreement (the "T&R Agreement") to provide for the funding of 669 vehicles, prior to MTC receiving the Federal Transit Administration and Federal Highway Administration appropriations for the project. MTC caused the Bay Area Infrastructure Financing Authority to issue or incur obligations (the "BAIFA Obligations") to provide the funds for the project, which MTC disburses for payment of costs of the project. MTC received a Letter of No Prejudice (an "LONP"), dated February 14, 2019, and a revised LONP, dated June 9, 2023, from FTA with respect to such financing.

Under the T&R Agreement, in the case of an event of default, which may occur if (i) BART makes any false or misleading statement or representation that materially adversely affects the eligibility of Rail Car Procurement Program, Phase 1 for FTA formula funds, or MTC's ability to program grant receipts to BART; (ii) the FTA makes a final determination that BART has failed to maintain the eligibility of Rail Car Procurement Program, Phase 1 for FTA formula funds; or (iii) BART fails to perform any obligation under the T&R Agreement, including, but not limited to, failing to comply with the tax covenants contained therein, and further fails to cure such failure; MTC may, under the terms of the T&R Agreement, (a) commence a suit for mandamus to enforce BART's covenants; (b) terminate MTC's obligation to make any further disbursement to BART for Rail Car Procurement Program, Phase 1; (c) withhold FTA formula funds otherwise due to BART; or (d) under certain circumstances, cause BART to negotiate a proposed settlement with FTA, allocate other funding sources for any costs deemed ineligible by FTA, and cause BART to refinance the BAIFA Obligations as BART obligations.

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 deposited an equal amount of local unrestricted funds into the "BART Car Exchange Fund", a restricted account established to fund the Rail Car Procurement 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 Car Procurement 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 $24.1 million as of March 12, 2025. The District expects that the BART Car Exchange Fund will be fully expended by the end of calendar year 2025. On October 29, 2024, BART and USDOT entered into the TIFIA Loan Agreement to finance the Rail Car Procurement Program, Phase 1, of which $150,000,000 has been disbursed as of January 2, 2025. TIFIA Loan proceeds disbursed under the TIFIA Loan Agreement reimburse BART funds, including funds from the BART Car Exchange Fund, previously expended on the project.

Rail Car Procurement Program, Phase 2. In addition to the 775 new vehicles procured under Phase 1 of the Rail Car Replacement Program described above, the District executed a second contract with Alstom on November 19, 2020. Three options to purchase an additional 354 "E" (non-control) cars were subsequently executed. Once these additional vehicles are officially certified for passenger rail service, which is expected to be completed by March 2026, the District's fleet will total 1,129 vehicles. Of this total, 306 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. For a description of the Transbay Corridor Core Capacity Project, see "BART FINANCINGS AND CAPITAL PROGRAMS – Service and Capacity Enhancement Program." Forty-eight of the additional vehicles are needed for the network as expanded to Santa Clara by the second phase of the Silicon Valley Extension (defined herein) and are fully funded by VTA. The total project cost for the additional 354 vehicles is expected to be approximately $1.278 billion. Alstom began delivery of the additional vehicles in July 2024 and, as of [July 31, 2025], has delivered [224] of such vehicles.

The District began running exclusively new rail cars in September 2023, and removed the last of its legacy fleet vehicles from its reserve fleet in March 2024.

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. 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 following a major seismic event.

Funding for the Earthquake Safety 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. As of September 2024, the last construction contract of the Earthquake Safety Program, the seismic retrofit of the Transbay Tube, was completed.

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.

Train Control Modernization Program. A major project under the System Renewal Program is the replacement of BART's legacy train control system, which is the cornerstone project element of the Transbay Corridor Core Capacity Project. 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, which will improve train control reliability and enable BART to operate more frequent trains with shorter headways. 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 $2.3 billion project, will enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube. A design-build contract was awarded to Hitachi on November 16, 2020. On June 26, 2025, the BART Board approved an amendment to the Hitachi contract and a sole source contract to Alstom to implement system integration, which will ensure compatibility between the systems on board the "D" control cars, the wayside train control, and the operations control center. Systemwide design is expected to be finalized by the end of calendar year 2026. Installation, testing and deployment are expected to occur in phases through Fiscal Year 2033-34, and wayside installation has commenced in San Mateo County.

Traction Power Renewal. 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. Six sites have been identified for new substations as part of the Transbay Corridor Core Capacity Project including the Civic Center (which was completed in April 2025), Montgomery, Concord, and Richmond Stations, a site on 34th Street in Oakland near MacArthur Station, and a site at the Hayward Maintenance Complex (the "HMC"). 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 established 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. Track replacement projects are a critical component of the System Reinvestment Program, targeting the removal and renewal of worn rail, wooden ties, ballast, and fasteners across the system. The projects aim to reduce service disruptions and noise and vibration from deteriorated tracks.

Security Enhancement Program

The District has identified significant capital investment needs for infrastructure security hardening (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. District funds will also be utilized to meet some security needs such as improved perimeter fencing, lighting, and video surveillance cameras.

In September 2019, the Board of Directors approved a new swing style barrier design for all new fare gates and directed the District to replace existing fare gates systemwide with the new design. The new faregates (the "Next Generation Fare Gates") boost safety by reducing fare evasion and enhance accessibility for individuals in wheelchairs and those who bring bicycles and strollers. As of July 21, 2025, the new faregates have been installed at 41 stations, and the District anticipates completing systemwide implementation in 2025.

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.

BART expects to implement other minor capacity enhancement projects as grant funding is secured through a variety of sources.

Transbay Corridor Core Capacity Project. BART's Transbay Corridor Core Capacity Project is a package of improvements that will allow BART to operate more frequent service with longer trains. 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. The Transbay Corridor Core Capacity Project is projected to cost approximately $4.7 billion and is anticipated to be funded by the $1.169 billion CIG along with approximately $3.5 billion in state, regional, local, and other federal funds. See "—System Renewal Program and System Reinvestment Program" herein.

Elements of the Transbay Corridor Core Capacity Project include:

- The procurement of 306 additional rail cars to expand BART's vehicle fleet. See "– Rail Car Procurement Program – *Rail Car Procurement Program, Phase 2*."
- The replacement of BART's legacy fixed block train control system with a new CBTC system. See "– System Renewal Program and System Reinvestment Program."
- The installation of six new traction power substations in the core of the BART system and at the HMC. See "– System Renewal Program and System Reinvestment Program – *Train Control Modernization Program*."
- The construction of an East Storage Yard at the Hayward Maintenance Complex to store the expanded rail car fleet. See "– System Development Program – *Hayward Maintenance Complex*."

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.

As of June 2025, BART has completed 22 projects with one project at Lake Merritt under construction and ten projects in pre-development or solicitation stages. BART and its private development partners 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. When appropriate, BART pursues external funding for capital investments that enable TOD at a BART station.

System Development Program

BART is prioritizing investment in its core system infrastructure and scaling back on funding commitments for system extensions. Nonetheless, the District is supporting VTA's Silicon Valley Extension (formerly referred to as the Silicon Valley Rapid Transit, or SVRT, Project).

Silicon Valley Extension. 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 funded 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 2023-24 VTA paid BART approximately $47.3 million in operating subsidies and approximately $29.5 million representing VTA's share of BART's systemwide capital costs.

VTA estimates the total capital cost for the Silicon Valley Extension at approximately $15.5 billion in Year-Of-Expenditure ("YOE") dollars. The SVBX, with a capital cost of approximately $2.3 billion in YOE dollars, was granted an FTA Full Funding Grant Agreement in March 2012. As of [_____], 2025, VTA estimates that the second phase of the Silicon Valley Extension will have an estimated capital cost of approximately $12.75 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. [*To be updated*][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 40% 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. In August 2024, the FTA announced a commitment to grant approximately $5.1 billion to fund a portion of the remaining cost of the second phase of the Silicon Valley Extension.

Anticipated additional funding sources for the second phase of the Silicon Valley Extension include approximately $500 million from Measure A, approximately $4.6 billion from other local sources, approximately $375 million from RM3, and approximately $1.5 billion from

State funds (including approximately $750 million from TIRCP). As of [June 1], 2025, approximately $700 million remains to be funded, and VTA plans to apply for a Full Funding Grant Agreement from the FTA in 2025.

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"). 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. At this time, the Project has achieved 75% design and is on hold until the City of Fremont can secure funding for construction.

Hayward Maintenance Complex. BART repairs and maintains its revenue rolling stock at shop facilities in Concord, Daly City, Richmond, and Hayward. Accident damage, component repair, and overhaul functions are performed at the Hayward facility.

To prepare for the incoming new rail car fleet and for the planned Silicon Valley Extension, BART expanded its maintenance shop capacity. The HMC Phase 1 Project (the "HMC1 Project") was originally comprised of four new facilities – a component repair shop ("CRS"), a central warehouse ("CW") to store spare parts, a vehicle overhaul and heavy repair shop ("VOHRS"), and a new maintenance and engineering non-revenue vehicle repair shop ("M&E NRVRS"). To date, two facilities have been completed, the CRS and CW. After additional assessment, the M&E NRVRS was deemed non-critical and deprioritized for investment. The VOHRS project, now titled the Fleet of the Future Maintenance Facility, will enable BART to more efficiently implement the Strategic Maintenance Program for the new rail cars. The project remains a priority and will be implemented when funding is secured.

In addition to the HMC1 Project described above, BART is also expanding rail car storage at the HMC. The HMC Phase 2 Project (the "HMC2 Project") is constructing an East Storage Yard, consisting of additional storage tracks for 250 vehicles on undeveloped BART property on the east side of the HMC. The HMC2 Project is estimated to cost approximately $650 million. Two contracts for the project for civil grading and track procurement have been completed. Completion of the full HMC2 Project is pending additional funding. To store the expanded rail car fleet until the East Storage Yard is completed and operational, BART has developed and implemented an interim storage plan, which stores rail cars overnight on the mainline.

BART Headquarters and BART Police Department 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.

In 2023, the Board voted to authorize the General Manager to proceed with the purchase of an existing building at 2000 Broadway in Oakland to serve as the new BART Police Department Headquarters ("BPDHQ"). In August 2024, the District purchased the building from the Kaiser Foundation for approximately $26.5 million and the Board authorized the award of a progressive design-build contract for the BPDHQ. Construction of the BPDHQ is funded primarily with BART funds from Rail Car Procurement Program, Phase 1, which are being reimbursed from the initial draws on the TIFIA Loan. The District began construction in Summer 2025 and expects the move to the new BPDHQ to be completed in late 2026.

Funding Developments

Pension Reform Act and Federal 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 previously refused 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 District Court, again, ruled that the DOL's determination that PEPRA interfered with collective bargaining rights was in error.

The decision is now final; however, the issue is still not resolved. In 2019, the Amalgamated Transit Union ("ATU") objected to the DOL's certification of federal funding grants based upon PEPRA. Fortunately, these objections were rejected by DOL's Director of the Office of Labor-Management Standards in June 2019, with reference to the District Court's ruling. In October 2021, however, the DOL returned to the position it adopted in 2013 and 2015, 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 District 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 PEPRA 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 on December 22, 2022 the District Court held that the DOL's 2021 determination was arbitrary, exceeded its statutory authority, and was substantively invalid. The District Court kept in place the preliminary injunction.

On April 23, 2023, the DOL appealed the District Court's decision to the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"). On July 29, 2024, the Ninth Circuit vacated the District's Court's decision, determining that it did not have jurisdiction over the matter because the case was not prudentially ripe. The case was remanded to the District Court where, on November 4, 2024, it was dismissed without prejudice for lack of jurisdiction.

Most recently, on March 31, 2025, the DOL's Office of Labor-Management Standards announced it "no longer adheres to the views expressed in the 2021 determination and instead agrees with the views stated in the 2019 determination." It concluded that PEPRA does not impede upon collective-bargaining rights.

BART will continue to monitor objections to the certification of federal transit grants as well as the potential for litigation to be 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."

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 programmed $500 million to expand the District's fleet of rail cars and improve reliability, which has since been allocated to BART. See "– Rail Car Procurement Program – *Rail Car Procurement Program, Phase 2*." The RM3 Expenditure Plan also programmed $50 million for a new transbay crossing and 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 and the MTC allocate $2.1 million annually to the Inspector General's office from bridge toll revenues and MTC funds to finance operations of the office.

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, 2024." 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, 2019 through June 30, 2024. 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, 2024." 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)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Passengers (thousands)	125,979	128,524	124,171	120,554	118,104	83,678	16,132[1]	34,550	45,864	49,610
Operating Revenues										
Passenger Revenues - Net	$463,634	$489,583	$485,676	$481,783	$482,644	$341,587	$62,529	$135,817	$188,311	$218,988
Investment Income[2]	167	1,120	2,329	4,742	3,700	4,380	616	1,653	20,871	38,383
Other	50,908	56,217	61,424	64,831	72,040	53,347	27,981	30,295	33,369	39,636
Total Operating Revenues	$514,709	$546,920	$549,429	$551,356	$558,384	$399,314	$91,126	$167,765	$242,551	$297,007
Financial Assistance:										
Sales Tax Revenues	$233,148	$241,546	$247,185	$257,882	$280,385	$266,895	$258,522	$310,706	$327,128	$320,133
Property Tax Revenues[3]	34,324	38,086	41,622	45,701	48,086	52,392	54,884	57,189	61,878	65,082
Other[4]	107,307	72,795	77,069	54,736	65,694	97,428	95,128	109,496	107,248	151,046
Total Financial Assistance	$374,779	$352,427	$365,876	$358,319	$394,165	$416,715	$408,534	$477,391	$496,254	$536,261
Total Operating Revenues and Financial Assistance (before Emergency Assistance)	$889,488	$899,347	$915,305	$909,675	$952,549	$816,029	$499,660	$645,156	$738,805	$833,268
Emergency Assistance[5]	-	-	-	-	-	$185,510	$402,396	$443,143	$407,768	$169,489
Total Operating Revenues and Financial Assistance	$889,488	$899,347	$915,305	$909,675	$952,549	$1,001,539	$902,056	$1,088,299	$1,146,573	$1,002,757

(Table Continues on Following Page)

($ in Thousands)	2015	2016	2017	2018	(Fiscal Years Ending June 30) 2019	2020	2021	2022	2023	2024
Operating Expenses:										
Labor	$421,707	$451,769	$514,692	$573,996	$586,871	$638,386	$578,021	$528,699	$681,773	$777,854
Electrical Power	36,004	37,680	37,883	38,976	39,230	40,584	40,323	47,561	61,230	56,452
Express Feeder Bus(6)	6,890	7,277	8,242	7,072	7,766	7,992	2,704	5,229	540	11
Purchased Transportation-OAC	3,542	5,928	6,014	6,242	6,448	6,491	6,518	6,898	7,011	7,563
Other Non-Labor(7)	128,973	135,640	149,357	146,748	150,514	143,877	133,670	130,504	165,208	203,080
Total Operating Expenses Net(8)	$597,116	$638,294	$716,188	$773,034	$790,829	$837,330	$761,236	$718,891	$915,762	$1,044,960
Net Revenues	$292,372	$261,053	$199,117	$136,641	$161,720	$164,209	$140,820	$369,408	$230,811	($42,203)
Sales Tax Bond Debt Service(9)	$55,958	$48,611	$50,448	$45,614	$46,640	$45,910	$47,035	$56,959	$59,919	$60,131
BART Car Funding Exchange	$74,168	$50,176	$52,548	-	-	-	-	-	-	-
Excess Revenues/(Deficit)(10)	$162,246	$162,266	$96,121	$91,027	$115,080	$118,299	$93,785	$312,449	$170,892	($102,334)
Operating Ratio(11)	84%	83%	80%	76%	74%	51%	12%	21%	25%	25%
Farebox Ratio(12)	76%	74%	70%	67%	64%	44%	8%	17%	21%	22%

(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 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 (each as defined below) grant funds, and the recognition of revenues from VTA in connection with the opening of the SVBX. The increase in Fiscal Year 2023-24 is primarily attributable to the increase in STA funds.

(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. For Fiscal Years 2014-15 to 2018-19, certain bus and feeder expenses previously presented under Other Non-Labor expenses were reclassified to Express Feeder Bus.

(7) Other Non-Labor expenses include professional and technical fees, rent, repairs and maintenance, Clipper card and interchange fees, cost of providing paratransit services, costs for other utilities, and other miscellaneous expenses. Amounts reported also include interest expenses recognized under GASB 87 and GASB 96, which were reported as non-operating expenses in the audited financial statements.

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

(10) The information in the tables above is reported in accordance with Generally Accepted Accounting Principles and is consistent with the District's audited financial reports for the Fiscal Years shown. The discussion below under " — Management's Discussion of Historical Financial Results" is discussed on a budget basis, which is consistent with BART's quarterly financial reports, available at www.bart.gov/financials. The primary differences between the two approaches are: the omission of GASB-related adjustments; the timing of when federal emergency assistance was recognized and used to offset deficits; non-cash related transactions such as depreciation and donated assets; operating or capital allocation of excess revenues; and debt service allocations.

(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, and net of revenues and expenses associated with the implementation of GASB 87, GASB 96 and GASB 94, which affected lease revenues, lease expenses, subscription expenses, interest income and interest 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, and net of revenues and expenses associated with the implementation of GASB 87, GASB 96 and GASB 94, which affected lease revenues, lease expenses, subscription expenses, interest income and interest expenses.

Management's Discussion of Historical Financial Results

Since the onset of the COVID-19 pandemic in early 2020, BART's financial model has been substantially altered. Prior to the COVID-19 pandemic, about two thirds of the District's operating costs were funded by operating revenue, primarily from passenger fares, but also including parking fees, advertising, and related sources. The remaining share was funded by a combination of state, local, and regional financial assistance, the largest being BART's share of sales tax revenues in the Three BART counties, as well as numerous smaller state and local sources.

After shelter-in-place orders were issued in the Bay Area in March 2020, ridership drastically declined to a low of approximately 6% of pre-pandemic levels and has since been recovering. The persistence of remote work, however, and high commercial office vacancy rates in the urban centers served by BART has slowed the recovery. See "THE BART SYSTEM – Ridership" herein. In general, public transit ridership has recovered slower than roadway traffic for several reasons: remote work has reduced travel demand at previously the most congested times, making it easier to drive; people tended to move away from city centers during the pandemic to areas that are less transit accessible; destinations have also moved away from dense city centers; and, although lessening, public perception of personal and health safety on public transit remains a concern. BART ridership recovery has generally mirrored San Francisco office occupancy, measured by firms such as Kastle Systems. Very recently, increasing return-to-office rates and bridge traffic congestion as well as initiatives including BART's Next Generation Fare Gates, BART's Safe and Clean Plan, and increased uniformed presence in the BART System accelerated ridership growth, though recovery is still ongoing. BART averaged approximately 411,000 weekday riders in Fiscal Year 2018-19 (the last full fiscal year prior to the COVID-19 pandemic), totaling 118 million annual riders. In Fiscal Year 2023-24, BART averaged approximately 162,000 weekday riders, totaling 49 million annual riders.

Passenger revenues fluctuated in proportion with ridership throughout the pandemic, with a sharp decrease in March 2020, then steady robust growth through 2023, followed by more moderate growth. Despite reduced passenger revenues, BART continued to raise fares throughout the pandemic by small, regular amounts in compliance with the Board-approved inflation-based fare increase policy. These biennial, CPI-based fare increases are considered a best practice among peer agencies, and they have allowed fares to keep up with the cost of providing safe and reliable service while remaining more predictable and manageable for riders than infrequent, large fare increases.

Investment income grew during this period when, following the rise of interest rates, BART strategically invested funds, including emergency assistance, to maximize investment income. This higher interest rate environment allowed BART to increase returns on its investments while continuing to prioritize preservation of capital and liquidity in alignment with the District's Investment Policy.

Sales tax revenues remained a significant and resilient fund source in recent years with annual increases of 5% on average over the past 10 years. After an initial decrease in sales tax revenues at the start of the pandemic, sales tax revenues grew at a strong pace between 2021 and 2023, due in part to large amounts of federal stimulus funds provided across the region. For each fiscal year between Fiscal Year 2019-20 and Fiscal Year 2023-24, BART's calculated debt service coverage ratios were between 5.32x and 5.81x for its outstanding Sales Tax Revenue Bonds, illustrating the strength of local taxable sales through rapidly changing economic conditions. Beginning in 2024, sales tax growth rates began to decline as spending has moderated.

Property tax revenues remained strong throughout the pandemic, due to the diverse property tax base and robust residential housing market throughout the Three BART Counties. The housing market in the Three BART Counties continued to rise during this period and remains strong, with values well exceeding averages in California and across the United States.

Addressing the lost operating revenue associated with reduced ridership has been BART's primary financial focus for the past several years. BART has been awarded $1.96 billion in emergency assistance since 2020 to maintain service levels. This includes approximately $377 million received under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), approximately $378 million received under the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSAA"), and approximately $853 million under the American Rescue Plan Act of 2021 (the "ARPA"). In November 2023, MTC approved an emergency transit operations plan which combines State and regional funding to help support transit operations. The District has been allocated and has received $58 million of such funding. An additional $224 million was received by BART in the first quarter of Fiscal Year 2025-26, with the remaining $70 million to be allocated later in Fiscal Year 2025-26.

The following table summarizes the emergency assistance received by the District under the CARES Act, the CRRSAA, the ARPA, and from MTC's emergency funding, including the amount the District expended in each Fiscal Year.

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Emergency Assistance Funds Expended by the District

Emergency Assistance (thousands)	CARES Act	CRRSAA	ARPA	MTC Emergency Funding	Total[1]
Total Amount Allocated to the District	$ 377,053	$ 378,138	$ 853,113	$ 352,000[4]	$ 1,960,304
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	-	286,719	-	-	286,719
Amount Expended in Fiscal Year 2022-23	-	50,080	265,772	-	315,852
Amount Expended in Fiscal Year 2023-24	-	-	313,517	-	313,517
Amount Expended in Fiscal Year 2024-25[3]	-	-	273,824	37,076	310,900
Remaining Amount	-	-	-	$314,924	$314,924[2]

(1) Columns may not sum to totals due to rounding.

(2) As of [July 31, 2025], BART has received approximately $[224.4] million of such remaining amount from MTC and expects to draw down the remainder from MTC in the future.

(3) Fiscal Year 2024-25 projected.

(4) BART received $58,211,000 from MTC in Fiscal Year 2024-25 and expects the remaining balance to be allocated, drawn down, and expended in Fiscal Year 2026-27.

Beginning in April 2020 and extending through July 2021, District leadership reduced service and non-essential spending to conserve financial resources. In Fiscal Year 2020-21, BART's net operating expense was $845.5 million, a 9.7% decrease from Fiscal Year 2019-20 spending of $936.3 million. Overall spending decreased despite the opening of a 10-mile, two-station extension into Santa Clara County in June 2020, which required additional staff and expenses.

In July 2021, BART partially restored service levels to match the anticipated Bay Area return-to-office as COVID-19 vaccines became widespread and Bay Area employers expected to bring employees back to the office. Additional funding was also budgeted for enhanced cleaning procedures for stations and rolling stock. In Fiscal Year 2021-22, Fiscal Year 2022-23, and Fiscal Year 2023-24, BART's operating spending increased to approximately $957.7 million, $1.05 billion, and $1.14 billion, respectively. The District projects to spend a total of approximately $1.13 billion in Fiscal Year 2024-25.

The increase has been driven by a number of factors, including negotiated wage increases (which have stayed below inflation), increases in frontline staffing (notably train operators, station agents, and maintenance and cleaning staff) necessary to support current service levels, and maintenance of infrastructure.

Adopted Operating Budget for Fiscal Year 2025-26

On June 12, 2025, the Board of Directors adopted its operating budget for Fiscal Year 2025-26 (the "2025-26 Budget"). The 2025-26 Budget reflects continued gradual recovery from the ridership losses related to the COVID-19 pandemic, as well as continued challenges posed by reduced fare revenue, increased operating expenses, and aging infrastructure.

Operating sources in Fiscal Year 2025-26 are budgeted to increase by approximately 4.9% from the Fiscal Year 2024-25 budget, mainly due to moderate ridership growth, increases in fare revenues, including a January 2026 fare increase, and increased the State's Low Carbon Fuel Standard ("LCFS") credit revenues. Operating expenses in Fiscal Year 2025-26 are budgeted to increase by approximately 2.3% from the adopted Fiscal Year 2024-25 budget, mainly due to increases in net labor costs. Under new labor agreements effective in Fiscal Year 2025-26, labor cost growth is anticipated to slow over the next three years. The District is able to achieve a balanced budget in Fiscal Year 2025-26 by utilizing approximately $315 million in emergency assistance. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak" in the forepart of this Official Statement.

Operating Sources.

Rail passenger revenue is budgeted to increase by approximately 8% to $259.1 million, due to increased ridership and an inflation-based fare increase effective January 1, 2026. Likewise, parking revenue is budgeted to increase by approximately 11%, to $19.9 million. Investment revenue, which has grown significantly in recent years due to BART's large reserves of emergency assistance and favorable interest rates, are budgeted to decrease as the District spends its remaining emergency assistance funding.

Ridership increased year-over-year during the pandemic, with slower growth in each successive year. Ridership increased 5.3% in Fiscal Year 2024-25 compared to the prior year, and the 2025-26 Budget forecasts a 3.8% ridership increase over Fiscal Year 2024-25 levels. The District expects that return-to-office rates will have a reduced impact on revenue growth as the region settles into new norms surrounding remote work. The modest forecasted growth is instead assumed to be primarily driven by mode shift and non-work trips.

Sales tax revenues are budgeted to increase approximately 1% to $314.1 million in Fiscal Year 2025-26, reflecting lower growth after several years of strong growth.

Other operating assistance received by BART includes funding from State Transit Assistance ("STA"), which fluctuates each year, and is decreasing approximately 7% to $45.8 million in Fiscal Year 2025-26. Additional financial assistance comes from BART's portion of the one percent (1%) general property tax levy, which is budgeted to generate $68 million in Fiscal Year 2025-26. The District also receives operating assistance from VTA to offset the cost of operating service, net of fare revenue, associated with the Silicon Valley Berryessa Extension Project. The District is budgeted to receive $35.9 million in Fiscal Year 2025-26 from VTA to offset operating costs on the extension.

In recent years, the District's revenue from the sales of LCFS credits has fluctuated in line with fluctuations in the State's carbon market. Due to recent regulatory changes, in Fiscal Year 2025-26, BART will be eligible to generate substantially more credits than in prior years. In Fiscal Year 2025-26, BART has budgeted $32.2 million in expected credit sale proceeds, an increase of approximately 89% over the previous year.

Operating Uses.

Labor and benefit costs make up the majority of BART's operating uses, accounting for over 69% of total operating uses. In Fiscal Year 2025-26, these costs are budgeted to increase by approximately 1%, to $801.5 million. The primary drivers of this growth are negotiated wage agreements with BART's represented workers, and required increases to fund BART's CalPERS retiree pension obligations, which are partially offset by a reduction in BART's retiree medical contributions enabled by recent agreements with BART's represented workers. "DISTRICT FINANCIAL INFORMATION – Labor Relations and Employee Retirement Benefits." Additional savings of $6.4 million were achieved through a hiring freeze applied to 45 vacant positions, which will not be filled before the end of Fiscal Year 2025-26 or later.

BART's non-labor budget of $243.4 million in Fiscal Year 2025-26 is approximately 3% higher than Fiscal Year 2024-25. During the development of the 2025-26 Budget, staff reduced selected non-labor costs by 5%, generating a savings of $7 million. Despite this reduction, overall non-labor costs are increasing due to the rising costs of traction power transmission and distribution and paratransit costs.

BART funds a number of capital improvements through its operating budget, either via transfers out (or "allocations") of the operating budget or via sales tax-backed debt. BART's debt service costs are projected to remain steady in Fiscal Year 2025-26 as the District continues to service existing debt in full and on schedule.

Allocations support projects that are critical to the District's basic operations, state of good repair, fiscal stability, and priority initiatives. Some allocations are made toward uses not eligible for external funds, while the largest share serves as BART's local match to leverage outside funding, primarily from the FTA. Historically, BART has adjusted its operating allocation funding amounts based on revenues; the District has allocated more in higher revenue years while reducing during lower revenue years to help balance the budget. Given their relative flexibility compared to labor and non-labor costs, allocations enable the District to reduce expenditures when needed. BART has budgeted $145.2 million in allocations for Fiscal Year 2025-26. However, $38.2 million is the District's contribution to prefunding its retiree health costs, which is being held in a cash reserve in the event the funds are needed to offset deficits after Fiscal Year 2025-26. This expense is a benefit cost and should not be considered a contribution to capital work. After that allocation is excluded, the 2025-26 Budget includes allocations totaling $46.8 million.

BART's traditional revenue sources (both operating revenue and financial assistance) are budgeted to generate $836.9 million in Fiscal Year 2025-26, while total uses are budgeted at approximately $1.151 billion, resulting in a $315 million revenue shortfall. BART will utilize its remaining $315 million in emergency assistance to balance the 2025-26 Budget. As the District projects that it will utilize all of such funding by the end of Fiscal Year 2025-26 and anticipates ongoing budget deficits beginning in Fiscal Year 2026-27, the District continues to pursue strategies, including additional assistance, to achieve balanced budgets in future years.

The Board of Directors voted to adopt BART's balanced Fiscal Year 2025-26 Budget on June 12, 2025 and intends to review the Fiscal Year 2025-26 Budget quarterly and take actions within its powers to address any revenue shortfalls with expense reductions as may be necessary to maintain a balanced budget.

The table below shows the revenue and expense projections in the adopted Fiscal Year 2025-26 Budget compared to the District's year-end forecasted results for Fiscal Year 2024-25, as well as the District's the adopted Fiscal Year 2024-25 Operating Budget:

District Operating Budget (millions)	**Fiscal Year 2024-25 Adopted***	**Fiscal Year 2024-25 Year-End Projections*†**	**Fiscal Year 2025-26 Adopted***	**Fiscal Year 2025-26 Adopted vs. Fiscal Year 2024-25 Year-End Projections***
Revenue				
Passenger Revenue (Rail and ADA)	$ 235.7	$ 240.4	$ 259.7	$ 19.3
Non-Fare Revenue	61.8	73.7	65.4	(8.3)
Total Financial Assistance	500.3	500.3	511.8	11.5
Sales Tax Proceeds	*320.3*	*311.9*	*314.1*	2.2
Property Tax Proceeds	*64.3*	*66.9*	*68.0*	1.1
VTA Financial Assistance	*35.2*	*36.0*	*35.9*	(0.1)
State Transit Assistance	*48.8*	*49.2*	*45.8*	(3.4)
Low Carbon Funding Programs	*17.0*	*17.0*	*32.2*	15.2
Other	*14.8*	*19.3*	*15.7*	(3.6)
Federal Emergency Assistance	328.2	310.9	315.0	4.1
Total Sources	**1,126.1**	**1,125.3**	**1,151.8**	**26.5**
Expense				
Net Labor and Benefits	780.6	796.5	763.3	(33.2)
Power	61.6	58.6	65.0	6.4
Other Non-Labor	160.7	146.1	143.5	(2.6)
ADA Paratransit	22.5	23.5	26.3	2.8
Purchased Transportation	8.4	8.4	8.6	0.2
Total Expenses	**1,033.9**	**1,033.1**	**1,006.7**	**(26.4)**
Sales Tax Debt Service and Allocations	**92.2**	**92.2**	**145.2**	**53.0**
TOTAL USES	**1,126.1**	**1,125.3**	**1,151.8**	**26.5**
NET POSITION	**0.0**	**0.0**	**0.0**	**0.0**

Outlook for Fiscal Year 2026-27 and Future Years

Although the 2025-26 Budget is balanced, BART projects large operating deficits beginning in Fiscal Year 2026-27. Deficits are projected to average $368 million per year between

* Columns may not sum to totals due to rounding.
† Projections as of May 27, 2025.

Fiscal Years 2026-27 and 2029-30. The table below shows the District's forecasted deficits in Fiscal Years 2026-27 through 2029-30 as of June 12, 2025:

District Operating Budget (millions)	**Fiscal Year 2025-26 Adopted***	**Fiscal Year 2026-27 Forecast***	**Fiscal Year 2027-28 Forecast***	**Fiscal Year 2028-29 Forecast***	**Fiscal Year 2029-30 Forecast***
Revenue					
Operating Revenues	$ 325	$ 326	$ 341	$ 353	$ 368
Financial Assistance	512	517	533	550	567
TOTAL SOURCES	**837**	**843**	**875**	**903**	**935**
Expense					
Operating Expenses	1,007	1,087	1,115	1,147	1,164
Sales Tax Debt Service and Allocations	145	131	136	119	128
TOTAL EXPENSES	**1,152**	**1,218**	**1,251**	**1,266**	**1,292**
Net Result Before Emergency Assistance	(315)	(376)	(376)	(363)	(357)
Emergency Assistance Applied	315	-	-	-	-
NET POSITION	**0**	**(376)**	**(376)**	**(363)**	**(357)**

Regional transit operators, including BART, are planning around a regional revenue measure to be placed on the November 2026 ballot. Senate Bill 63 ("SB 63") would authorize a regional transportation funding measure (the "Revenue Measure") that would enact a sales tax in the counties of Alameda, Contra Costa, and San Francisco, [and include an option for the counties of San Mateo and Santa Clara to opt in].[3] The revenue generated from the Revenue Measure would allow the Bay Area's largest transit operators to avoid major service cuts, address near-term budget deficits, and fund rider-focused improvements. SB 63 includes additional language requiring financial transparency and accountability by participating operators. While SB 63 requires a majority vote in the State Legislature to pass, the required voter threshold for the subsequent Revenue Measure will depend on the mechanism by which the Revenue Measure is placed on the ballot, and will either be a simple majority (over 50%) or a two-thirds majority.

If successful, funds generated from the Revenue Measure would result in a 10- to 15-year operating revenue source to help address transit agency operating deficits. While the levels of funding that may be allocated to operators are still under discussion as of [July __], 2025, BART reasonably expects to receive more than $[300] million annually, which BART would use to cover a significant amount of the projected operating shortfall.

In preparation for the Fiscal Year 2026-27 budget development, staff is engaged in scenario planning of different combinations of service and staffing levels. Scenarios provide BART with a wide range of expenditure levels and range from the current full service and staffing levels to a greatly reduced service scenario with expenses suppressed to the greatest extent possible. This scenario planning helps BART prepare for uncertainty around future operating revenue levels. On May 8, 2025, staff presented the BART Board with a high-level summary of its initial work, which included two potential scenarios. If the Revenue Measure succeeds, BART anticipates still

[*] Columns may not sum to totals due to rounding.

[3] NTD: Will be updated prior to posting.

needing to close a budget shortfall in Fiscal Year 2026-27 due to the timing and amount of available funds. In this scenario, BART estimated that gap to be just under $200 million in Fiscal Year 2026-27. Closing that gap could involve non-customer facing operating cost reductions, deferring contributions to retiree medical and capital reinvestment programs, and the use of one-time reserves. Should the Revenue Measure fail, however, BART would need to implement more substantial cuts such as service reductions and revenue increases. Service reductions could include eliminating lines of service, reducing hours of service and closing stations. Customer facing services such as cleaning and staffing could be impacted. BART may also consider substantial increases to fares and parking fees. The table below summarizes these two high-level scenarios, and detailed analysis is currently underway to refine these scenarios. The District cannot give any assurances that, in the case the Revenue Measure were to fail, and it were to implement the reductions described below to balance its Fiscal Year 2026-27 budget, it would remain a going concern. See "INVESTMENT CONSIDERATIONS – Limitations on Remedies in Event of Bankruptcy" in the forepart of this Official Statement.

		Revenue Measure Passes		**Revenue Measure Fails**	
Incremental Changes to Budget (millions)	**Fiscal Year 2026-27 (First Half)***	**Fiscal Year 2026-27 (Second Half)***	**Fiscal Year 2026-27 Total***	**Fiscal Year 2026-27 (Second Half)***	**Fiscal Year 2026-27 Total**
Operating Expense Costs	$ (13)	$ (13)	$ (26)	$ (13)	$ (26)
Service Reductions	-	-	-	(89)	(89)
Other Non-Service Plan Expense Cuts	-	-	-	(53)	(53)
Defer Capital Allocations	(35)	-	(35)	(35)	(71)
Defer Retiree Medical	(19)	-	(19)	(19)	(38)
Total Incremental Changes to Sources	**(67)**	**(13)**	**(81)**	**(209)**	**(276)**
New Revenue Measure	-	176	176	-	-
One-Time Reserves/Deferrals	122	-	122	-	122
Fare Revenue Due to Service Reductions	-	-	-	(29)	(29)
Fare Increase	-	-	-	26	26
Financial Assistance	-	-	-	(16)	(16)
Total Incremental Changes to Expenses	**122**	**176**	**298**	**(19)**	**103**
Total Net Result to Budget	**189**	**189**	**379**	**189**	**379**

On June 27, 2025, California Governor Gavin Newsom signed a balanced State budget that fully protects the commitment to funding public transit agencies across the state to prevent devastating service cuts. The budget restores the $1.1 billion of greenhouse gas reduction fund dollars committed to transit in previous budget cycles and includes a $750 million loan to four Bay Area transit operators, including BART. This loan is intended to support operations in Fiscal Year 2026-27, during the period leading up to a November 2026 election and beyond. Legislative language specifies that subsequent budget trailer bill language will establish the terms of the loan

* Columns may not sum to totals due to rounding.

and that the loan program shall only be operative if legislation is enacted during this legislative session that authorizes a regional measure to support the long-term financial stability of the transit operators receiving the loan.

Fiscal Year 2025-26 Capital Budget

BART's $1.13 billion capital budget for Fiscal Year 2025-26 reflects a 4.6% decrease from the capital budget for Fiscal Year 2024-25. Approximately 98% of the capital budget for Fiscal Year 2025-26 is directed to the System Reinvestment Program and the Service and Capacity Enhancement Program, including $493 million directed towards rail car procurement, $235 million directed at track and structures rehabilitation and traction power reinvestment, $142 million directed at station renovation and wayfinding improvements, $196 million directed at renewing and modernizing the train control and communications system, and $148 million directed at Measure RR funded facilities upgrades and replacements. 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.

State and Regional Transit Funding

BART receives funding for operations through appropriations of 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.

Senate Bill 125 ("SB 125") authorized $4 billion of Transit and Intercity Rail Capital Program ("TIRCP Augment 2") funding and $1.1 billion of Zero-Emission Transit Capital Program (the "ZETCP") funding. SB 125 further provided that the TIRCP Augment 2 funds and ZETCP funds authorized by SB 125 would be allocated through regional transportation planning agencies, such as MTC, and authorized $1.1 billion of such funding to be flexed for operating purposes.

In November 2023, MTC approved principles informing funding distribution, a funding distribution framework, and regional accountability measures for the SB 125 funding. MTC's SB 125 funding distribution framework programmed $352 million to BART. In December 2023, MTC approved its Short-Term Financial Plan for submission to the California State Transportation Agency ("CalSTA") in accordance with the requirements of SB 125. The plan outlined an emergency transit operations funding strategy that would use state and regional funds for transit operations to address Bay Area transit agencies' most dire funding shortfalls and help them avoid service cuts. The plan also identified that a regional contribution of $300 million was necessary to address the standardized shortfall needs of transit agencies through Fiscal Year 2025-26. In November 2024, MTC approved Resolution No. 4619, Revised, adopting a Regional Funding Framework which programs $300 million in regional funds to supplement SB 125 State funds for transit operations. This action changed the funding mix but reaffirmed the $352 million programming to BART operations.

In October 2024, MTC approved Resolution No. 4668 which allocated Fiscal Year 2024-25 SB 125 funds to Bay Area transit operators, including $58 million to BART. In June 2025, MTC allocated $224 million of ZETCP funds to BART in Fiscal Year 2025-26, along with approximately $10.8 million in interest on these funds. BART further expects to receive an additional $58 million in federal formula funds beyond typical allocations in order to help address projected operating shortfalls beginning in Fiscal Year 2025-26.

In October 2023, MTC approved a revised TIRCP framework that identified regional priorities for TIRCP funds, which included a commitment of $350 million of TIRCP Augment 2 funds for BART's Transbay Corridor Core Capacity Project. This commitment fulfills MTC's $600 million of programming to the Transbay Corridor Core Capacity Project under the TIRCP framework. $250 million of prior TIRCP funds were previously awarded by CalSTA in 2023 (in TIRCP Cycle 6). The programming of the TIRCP Augment 2 funds was confirmed by MTC in September 2024.

The District also receives funds for operations from the Low Carbon Transit Operations Program ("LCTOP") which is funded from the State's Cap-and-Trade program annual proceeds and was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. In Fiscal Year 2024-25, the District received the Fiscal Year 2023-24 LCTOP funding amount of approximately $11 million, which partially offset operating costs associated with the Antioch Extension in Fiscal Year 2024-25. In addition, the District generates operating revenues through the generation and sale of credits under the 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 2024-25, the District generated approximately $5.5 million from the LCFS. BART also successfully advocated before the California Air Resources Board ("CARB") to eliminate unequal treatment of railways built prior to 2011 and those built in 2011 and thereafter. CARB agreed with BART's arguments and changed the applicable formula to allow pre-2011 railways to generate four times more credits than they had previously received. The amendments are now pending before the California Office of Administrative Law. For additional information regarding LCTOP and the LCFS, see Note 11 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.

ABAG and MTC are currently developing Plan Bay Area 2050+, a limited and focused update to Bay Area Plan. Additionally, ABAG and MTC are developing Transit 2050+, which will advance a service-oriented, fiscally constrained transit network plan for the Bay Area, comprehensively overhaul the six transit-related strategies in Bay Area Plan, address the challenges posed by the region's fragmented transit system, and account for the rapid changes in commuting patterns that arose during the COVID-19 pandemic and significant reductions in anticipated revenues for transportation strategies (estimated to be reduced to approximately $500 billion from $578 billion). The District expects that Plan Bay Area 2050+ will be adopted by the end of calendar year 2025.

In addition to federal funding programmed for BART's Rail Car Procurement Program, BART receives approximately $70 million per year in capital renovation funds from the FTA Sections 5307 and 5337 Formula Funding programs, which are programmed regionally by MTC. Under MTC's Transit Capital Priorities Program, 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.

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 also maintains cyber security insurance. 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 property insurance is $5 million per occurrence. The District's self-insurance liability program is administered by an independent third-party claims administrator. 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 third-party claims administrator's 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, 2024 are projected to total $81,604,727 (undiscounted). The required reserves discounted at a 3% rate are $66,460,253. Ultimate District workers' compensation losses are limited to $4,000,000 self-insured retention per occurrence for the forecast periods and are estimated at $25,971,397 for Fiscal Year 2025-26. Outstanding losses for automobile and general liability are projected to be $16,970,164 (undiscounted). The required reserves discounted 3% are $15,857,192.

See also Note 10 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 Chief Financial Officer, 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 June 30, 2025.

INVESTMENT DISTRIBUTION
as of June 30, 2025
[*To Be Updated for July 31 Closer to Posting*]

Certificates of Deposit	$	707,784
Cash on Hand and in Bank		83,733,764
Mutual Fund		42,615,444
Money Market		148,544,306
Local Agency Investment Fund		71,669,405
Investments – Treasury Bonds & Notes		678,702,317
Total	$	1,025,973,020

Source: The District.

As of June 30, 2025, the average duration of the District's investments (average days to maturity) was [___] days.

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

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

Labor Relations and Employee Retirement Benefits

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

Employee and Labor Relations. As of July 1, 2025, the District has 4,600 budgeted full-time equivalent (FTE) employees, of which 4,499 are full-time and 101 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 2022, the District and the BPOA and BPMA entered into agreements to extend their respective collective bargaining agreements ("CBAs") and create successor CBAs that will be in effect through June 30, 2026. In 2024, the District and ATU, SEIU and AFSCME entered into agreements to extend their respective CBAs and to create successor CBAs that will be in effect through June 30, 2027. Given the financial uncertainty surrounding the COVID-19 pandemic, the District and its unions agreed to limited scope negotiations. The five CBA extension agreements provide for modest wage increases to keep pace with the increased cost of living and also allow the District to focus on funding sources over the next one to two years.

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. ATU, SEIU and AFSCME also contribute an additional employee premium contribution of $40 per month in 2025 and 2026.

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, 2027. 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. Since 2013, BART has successfully negotiated four contract extension successor agreements with all three BART unions and has successfully negotiated three contract extension successor agreements with both BART associations representing employees within the BART Police Department.

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 2,800 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 PEPRA under the Miscellaneous Plan, vest after five years of service and may receive retirement benefits starting at age 52. Under PEPRA, employees hired prior to January 1, 2013, also referred to as "classic" employees, and employees under the Safety Plan, vest after five years of service and may receive retirement benefits starting at age 50. These benefit provisions and all other requirements are established by State statute and District contractual agreements. Legislation was enacted in the State which exempted most District employees from the provisions of pension reform, at least as an interim measure pending the resolution of a dispute with the DOL. The temporary exemption expired on December 30, 2024 and all transit employees became subject to PEPRA. See “BART FINANCINGS AND CAPITAL PROGRAMS – Funding Developments – *Pension Reform Act and Federal 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 the 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 12 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 2024, which were based on financial data available from the District and from various CalPERS databases as of June 30, 2023. These reports established the District’s required minimum employer contribution rates for Fiscal Year 2025-26, which are 9.63% of covered payroll for the Employer Normal Cost and $71,158,049 for the Employer Payment of Unfunded Liability for the Miscellaneous Plan and 25.34% of covered payroll for the Employer Normal Cost and $17,509,742 for the Employer Payment of Unfunded Liability for the Safety Plan, before any cost sharing. Starting in Fiscal Year 2017-18, CalPERS changed the employer rate from a percentage of payroll to a percentage of payroll for the normal cost and a flat dollar amount for payment of the unfunded liability. The reports also included for District’s Miscellaneous and Safety Plans the latest Schedule of Funding Progress, which shows a five-year history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of unfunded actuarial accrued liability to payroll, as discussed herein below. The employer contribution rates for new PEPRA employees will continue to be the same rates as classic employees.

The following chart lists the District's employer required contribution rates for Fiscal Years 2025-26, 2024-25, and 2023-24.

Contribution Rates

Valuation Date	Fiscal Year	Employer Rate for Miscellaneous	Employer Rate for Safety
6/30/23	2025-2026	9.63% + $71,158,049	25.34% + $17,509,742
6/30/22	2024-2025	9.81% + $73,071,963	26.37% + $15,834,438
6/30/21	2023-2024	9.84% + $65,956,764	27.73% + $15,703,219

Source: CalPERS Annual Valuation Report as of June 30, 2023.

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 they reimburse a larger portion of the employer contribution. The employer contribution reimbursement under PEPRA for police employees varies by group.

Schedule of Funding Progress. The funding status applicable to the District's CalPERS Plans on June 30, 2023 (the most current information available)[4] is summarized as follows:

[4] To be updated if available prior to posting.

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
6/30/21	$ 2,949,518	$ 2,428,597	$ 520,920	82.3%	$ 366,504	142.1%
6/30/22	$ 3,055,735	$ 2,209,563	$ 846,172	72.3%	$ 377,638	224.1%
6/30/23	$ 3,172,427	$ 2,302,318	$ 870,108	72.6%	$ 419,452	207.4%

(1) Dollars reflect rounding.
Source: CalPERS Annual Valuation Report as of June 30, 2023.

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
6/30/21	$ 446,326	$ 292,271	$ 154,055	65.5%	$ 27,718	555.8%
6/30/22	$ 474,851	$ 271,553	$ 203,297	57.2%	$ 28,921	702.9%
6/30/23	$ 499,342	$ 288,222	$ 211,120	57.7%	$ 27,090	779.3%

(1) Dollars reflect rounding.
Source: CalPERS Annual Valuation Report as of June 30, 2023.

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%. In 2021, in the discount rate decreased from 7% to 6.8% which impacted Fiscal Year 2023-24 rates. The 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 contributed $10 million in Fiscal Year 2018-19 and added an additional $10 million in Fiscal Years 2019-20 through 2021-22. The District stopped contributing in Fiscal Year 2022-23 to conserve financial resources.

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 2023-24 and 2022-23 were $13,753,000 and $13,072,000, respectively. The MPPP assets at June 30, 2024 and 2023 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were $455,270,000 and $412,862,000, respectively. As of June 30, 2024, there were approximately 312 (296 in 2023) participants receiving payments under this plan. For additional information regarding MPPP, see Note 13 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.

During the most recent CBA extension negotiations, the District, ATU, SEIU, and AFSCME agreed to revise the amortization methodology, changing from a fixed end-date approach to a rolling 20-year amortization period for each individual liability base. Additionally, the CBAs include provisions that allow the District to suspend its contributions temporarily to the Health Benefits Trust under specific, predefined conditions.

Pursuant to a Milliman, Inc. report dated March 20, 2025, entitled "San Francisco Bay Area Rapid Transit District Retiree Healthcare Plan June 30, 2024 Actuarial Valuation for Plan Funding July 1, 2025 – June 30, 2026 " and report dated June 2, 2025 entitled "San Francisco Bay Area Rapid Transit District Retiree Life Insurance Plan June 30, 2024 Actuarial Valuation" (the "Milliman Report"), 2,698 retirees and surviving spouses are provided retiree medical benefits. The District made payments on an actuarial basis totaling $50,573,000 (including subsidy valued at $5,719,000) in Fiscal Year 2023-24 and life insurance premiums amounting to $1,037,000 (including subsidy valued at $901,000) in Fiscal Year 2023-24.

As of June 30, 2024, 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 $606,309,000.

Funding projections are based on the Milliman 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, 2024 is estimated at approximately $816 million.

The following is the summary of results of the valuation. The Milliman 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, 2023 actuarial valuation date and the June 30, 2024 actuarial valuation date.

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

Actuarial Valuation Date	Market Value Assets (a)	Actuarial Liability (b)	Unfunded Actuarial Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2021	$501,321	$632,402	$131,081	79.3%	$403,459	32.5%
6/30/2022	$450,028	$677,530	$227,502	66.4%	$426,491	53.3%
6/30/2023	$506,393	$718,155	$211,762	70.5%	$453,088	46.7%
6/30/2024	$606,309	$816,045	$209,736	74.3%	$482,515	43.5%

Source: Milliman Report dated March 20, 2025.

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