

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:

Moody's: ____
 Standard & Poor's: ____
 See "Ratings" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2019 Bonds is exempt from State of California personal income taxes. Bond Counsel further observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2019 Bonds. See "TAX MATTERS"



\$600,000,000*
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS



**[\$2019B-1 PAR]*
 (ELECTION OF 2016),
 2019 SERIES B-1
 (GREEN BONDS)**

**[\$2019F-1 PAR]*
 (ELECTION OF 2004),
 2019 SERIES F-1
 (GREEN BONDS)**

**[\$2019B-2 PAR]*
 (ELECTION OF 2016),
 2019 SERIES B-2 (FEDERALLY TAXABLE)
 (GREEN BONDS)**

**[\$2019F-2 PAR]*
 (ELECTION OF 2004),
 2019 SERIES F-2 (FEDERALLY TAXABLE)
 (GREEN BONDS)**

Dated: Date of Delivery

Due: As shown on inside cover

The San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-1 (Green Bonds) (the "2019B-1 Bonds") and 2019 Series B-2 (Federally Taxable) (Green Bonds) (the "2019B-2 Bonds") and, together with the 2019B-1 Bonds, the "2019B Bonds") are being issued to finance specific acquisition, construction and improvement projects for District facilities approved by the voters and to pay the costs of issuance of the 2019B Bonds. The San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2019 Series F-1 (Green Bonds) (the "2019F-1 Bonds") and 2019 Series F-2 (Federally Taxable) (Green Bonds) (the "2019F-2 Bonds") and, together with the 2019F-1 Bonds, the "2019F Bonds") are being issued to finance specific earthquake safety improvements to District facilities in Contra Costa, San Francisco, and Alameda Counties and to pay the costs of issuance of the 2019F Bonds. The 2019B-1 Bonds and the 2019F-1 Bonds shall collectively be known as the "Tax-Exempt Bonds," the 2019B-2 Bonds and the 2019F-2 Bonds shall collectively be known as the "Taxable Bonds," and the 2019B Bonds and the 2019F Bonds shall collectively be known as the "2019 Bonds." The 2019 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the 2019 Bonds will be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the 2019 Bonds will not receive bonds representing their beneficial ownership in the 2019 Bonds but will receive a credit balance on the books of their respective DTC Direct Participants or DTC Indirect Participants. The 2019 Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein.

Principal on the 2019 Bonds is payable in the amounts and on the dates set forth on the inside cover. Interest on the Tax-Exempt Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2020, and interest on the Taxable Bonds is paid on the maturity date thereof. The principal of the 2019 Bonds is payable by U.S. Bank National Association, as trustee, to Cede & Co., the registered owner of the 2019 Bonds, and such interest and principal payments are to be disbursed to the beneficial owners of the 2019 Bonds through their respective DTC Direct Participants or DTC Indirect Participants.

The 2019 Bonds are general obligations of the San Francisco Bay Area Rapid Transit District (the "District"), payable from and secured by *ad valorem* taxes to be levied upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco, as more fully described herein. No other revenues of the District other than certain proceeds of the 2019 Bonds are pledged to the payment of the 2019 Bonds.

The Tax-Exempt Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2019 Bonds are offered when, as and if issued by the District and received by the Underwriters, subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the Underwriters by their counsel, Curls Bartling P.C., and for the District by its General Counsel, Matthew Burrows, Esq., and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District. The 2019 Bonds in book-entry-only form are expected to be delivered through the facilities of DTC on or about [August 15], 2019.

* Preliminary, subject to change.

Morgan Stanley

Citigroup

Siebert Cisneros Shank
& Co. L.L.C.

J.P. Morgan

Stifel

Backstrom
McCarley Berry
& Co., LLC

Raymond James

Dated: _____, 2019

MATURITY SCHEDULES

\$[2019B-1 PAR]*

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2016), 2019 SERIES B-1 BONDS (GREEN BONDS)**

\$_____ * SERIAL BONDS

Maturity Date (<u>August 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP (Base: <u>797661</u>)†
--	------------------------------------	---------------------------------	---------------------	---

\$ _____ % Term Bonds due _____; Yield _____%; CUSIP† 797661 _____

\$ _____ % Term Bonds due _____; Yield _____%; CUSIP† 797661 _____

\$[2019B-2 PAR]*

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2016), 2019 SERIES B-2 BONDS (FEDERALLY TAXABLE) (GREEN BONDS)**

Maturity Date (<u>_____</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP (Base: <u>797661</u>)†
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* Preliminary, subject to change.

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\$[2019F-1 PAR]*

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2004), 2019 SERIES F-1 BONDS (GREEN BONDS)**

\$ _____ * SERIAL BONDS

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP (Base: 797661)†
---	-----------------------------	--------------------------	--------------	--------------------------------------

\$ _____ % Term Bonds due _____; Yield _____%; CUSIP‡ 797661 _____

\$ _____ % Term Bonds due _____; Yield _____%; CUSIP‡ 797661 _____

\$[2019F-2 PAR]*

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2004), 2019 SERIES F-2 BONDS (FEDERALLY TAXABLE) (GREEN BONDS)**

Maturity Date (1/ _____)	Principal Amount	Interest Rate	Yield	CUSIP (Base: 797661)†
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* Preliminary, subject to change.

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**300 Lakeside Drive, 23rd Floor
Oakland, California 94612**

BOARD OF DIRECTORS

Bevan Dufty <i>President</i>	Rebecca Saltzman <i>Vice President</i>	Debora Allen <i>Director</i>
Elizabeth Ames <i>Director</i>	Mark Foley <i>Director</i>	Janice Li <i>Director</i>
John McPartland <i>Director</i>	Lateefah Simon <i>Director</i>	Robert Raburn <i>Director</i>

OFFICERS

Grace Crunican* – *General Manager*
Robert Powers – *Deputy General Manager*
Rosemarie V. Poblete – *Controller/Treasurer*
Patricia K. Williams – *District Secretary*
Russell G. Bloom – *Independent Police Auditor*

GENERAL COUNSEL

Matthew Burrows, Esq.

TRUSTEE

U.S. Bank National Association
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

MUNICIPAL ADVISOR

Sperry Capital Inc.
Sausalito, California

* Grace Crunican retires effective July 7, 2019. The District has appointed Robert Powers as the Interim General Manager effective July 8, 2019.

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This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation or sale of the 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the San Francisco Bay Area Rapid Transit District (the "District") or the underwriters identified on the cover page of this Official Statement (the "Underwriters") to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the 2019 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the 2019 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been obtained from sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No representation, warranty or guarantee is made by the Municipal Advisor as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Municipal Advisor.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The 2019 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

The District maintains a website. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specifically indicated otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement and should not be relied upon in making investment decisions with respect to the 2019 Bonds.

IN CONNECTION WITH THE OFFERING OF THE 2019 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

FORWARD LOOKING STATEMENTS

This Official Statement, including the cover and inside cover page and all appendices hereto, contains forecasts, projections and estimates that are based on current expectations or assumptions. When included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements which speak only as of the date of this Official Statement. Any such statements inherently are subject to a variety of risks and uncertainties which could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the District. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the District that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

CERTIFICATION AS CLIMATE BONDS

The Climate Bonds Initiative has provided the following paragraphs for inclusion in this official statement: The certification of the 2019 Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the 2019 Bonds or any Nominated Project, including but not limited to the Official Statement, the transaction documents, the District or the management of the District.

The certification of the 2019 Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of the District and is not a recommendation to any person to purchase, hold or sell the 2019 Bonds and such certification does not address the market price or suitability of the 2019 Bonds for a particular investor. The certification also does not address the merits of the decision by the District or any third party to participate in any Nominated Project and does not express and should not be deemed to be an expression of an opinion as to the District or any aspect of any Nominated Project (including but not limited to the financial viability of any Nominated Project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Nominated Project or the District. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Nominated Project. The certification may only be used with the 2019 Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the 2019 Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

[TO BE INSERTED AT PRINTER – CURRENT SYSTEM MAP]

OFFICIAL STATEMENT

\$600,000,000*

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT GENERAL OBLIGATION BONDS

**[\$[2019B-1 PAR]*
(ELECTION OF 2016),
2019 SERIES B-1
(GREEN BONDS)**

**[\$[2019F-1 PAR]*
(ELECTION OF 2004),
2019 SERIES F-1
(GREEN BONDS)**

**[\$[2019B-2 PAR]*
(ELECTION OF 2016),
2019 SERIES B-2 (FEDERALLY
TAXABLE)
(GREEN BONDS)**

**[\$[2019F-2 PAR]*
(ELECTION OF 2004),
2019 SERIES F-2 (FEDERALLY
TAXABLE)
(GREEN BONDS)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information in connection with the issuance by the San Francisco Bay Area Rapid Transit District (the “District” or “BART”) of \$360,000,000* aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-1 (Green Bonds) (the “2019B-1 Bonds”) and San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-2 (Federally Taxable) (Green Bonds) (the “2019B-2 Bonds” and, together with the 2019B-1 Bonds, the “2019B Bonds”), and of \$240,000,000* aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2019 Series F-1 (Green Bonds) (the “2019F-1 Bonds”) and San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2019 Series F-2 (Federally Taxable) (Green Bonds) (the “2019F-2 Bonds” and, together with the 2019F-1 Bonds, the “2019F Bonds”). The 2019B-1 Bonds and the 2019F-1 Bonds shall collectively be known as the “Tax-Exempt Bonds,” the 2019B-2 Bonds and the 2019F-2 Bonds shall collectively be known as the “Taxable Bonds,” and the 2019B Bonds and the 2019F Bonds shall collectively be known as the “2019 Bonds.”

The District was created in 1957 pursuant to the laws of the State of California (the “State”) to provide rapid transit service in the San Francisco Bay Area. The District is composed of all of the area in the Counties of Alameda and Contra Costa and the City and County of San Francisco (herein referred to as the “Three BART Counties”). In addition, the District owns property within the County of San Mateo on which BART facilities are located, and the District acquired the right to use additional right of way and station locations in connection with the extension of its rapid transit system (the “BART System”) to the San Francisco International Airport (“SFO”) located in the County of San Mateo. Extension of the BART System to the County of Santa Clara is currently under construction and construction is expected to be completed in Fiscal Year 2019-20. The District’s transit system extends over 120 miles and is the major transit provider of transbay traffic between the East Bay and downtown San Francisco, averaging over 229,000 transbay passengers each weekday and over 120 million passengers annually. The District is governed by an elected board of directors consisting of nine members. For additional information concerning the District, see Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION.”

The 2019 Bonds represent general obligations of the District and will be payable solely by *ad valorem* taxes to be levied without limitation as to rate or amount upon all property subject to taxation

* Preliminary, subject to change.

within the Three BART Counties (except certain personal property which is taxable at limited rates). The aggregate assessed value of property in the District for the fiscal year ending June 30, 2019 (“Fiscal Year 2018-19”) is \$751.5 billion.

U.S. Bank National Association will serve as trustee (the “Trustee”) for the 2019B Bonds pursuant to a Trust Agreement (Measure RR), dated as of June 1, 2017 between the District and the Trustee, as supplemented by a First Supplemental Trust Agreement, dated as of August 1, 2019 between the District and the Trustee (as supplemented, the “Measure RR Trust Agreement”). All capitalized terms used and not otherwise defined herein relating to the 2019B Bonds shall have the meanings assigned to such terms in the Measure RR Trust Agreement.

The Trustee will serve as trustee for the 2019F Bonds pursuant to a Trust Agreement (Measure AA), dated as of June 1, 2017 between the District and the Trustee, as supplemented by a First Supplemental Trust Agreement, dated as of August 1, 2019 between the District and the Trustee (as supplemented, the “Measure AA Trust Agreement” and, together with the Measure RR Trust Agreement, the “Trust Agreements”). All capitalized terms used and not otherwise defined herein relating to the 2019F Bonds shall have the meanings assigned to such terms in the Measure AA Trust Agreement.

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to the entire contents of this Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein, a full review of which should be made by potential investors. All descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Copies of the Measure AA Trust Agreement and the Measure RR Trust Agreement are available upon request to the Controller/Treasurer of the District. The offering of the 2019 Bonds is made only by means of this entire Official Statement and is subject in all respects to the information contained herein.

PLAN OF FINANCE

Measure RR

The 2019B Bonds are part of a \$3.5 billion authorization approved at an election held on November 8, 2016, by over two-thirds of the qualified voters of the District voting on a ballot measure (“Measure RR”) titled “BART Safety, Reliability and Traffic Relief” which asked,

“To keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; reduce traffic congestion/pollution; and improve earthquake safety and access for seniors/disabled by replacing and upgrading 90 miles of severely worn tracks; tunnels damaged by water intrusion; 44-year-old train control systems; and other deteriorating infrastructure, shall the Bay Area Rapid Transit District issue \$3.5 billion of bonds for acquisition or improvement of real property subject to independent oversight and annual audits?”

Measure RR was placed on the ballot to fund a portion of the System Renewal Program, introduced by BART in 2016 to address critical infrastructure needs (the “System Renewal Program”). See Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program.” On June 1, 2017, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2017 Series A-1 (Green Bonds) (the “2017A-1 Bonds”) in an aggregate principal amount of \$271,600,000, of which \$262,280,000 remain outstanding. On June 1, 2017, the District also issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2017 Series A-2 (Federally Taxable) (Green Bonds) (the “2017A-2 Bonds”) in an aggregate principal amount of \$28,400,000, none of which remain outstanding. The 2019B Bonds are being issued pursuant to the Measure RR authorization (the “Measure RR Bonds”) to finance projects approved by Measure RR. Upon issuance of the 2019B Bonds, the District will have \$2,840,000,000* in remaining voter-approved authorization for future issuances under Measure RR.

Measure AA

The 2019F Bonds are part of a \$980 million authorization approved at an election held on November 2, 2004, by at least two-thirds of the qualified voters of the District voting on a ballot measure (“Measure AA”), titled “BART Earthquake Safety Bond” which asked,

“To protect public safety and keep Bay Area traffic moving in the aftermath of an earthquake or other disaster, shall BART, the San Francisco Bay Area Rapid Transit District, be authorized to issue bonds not to exceed \$980 million dollars to make earthquake safety improvements to BART facilities in Contra Costa, San Francisco and Alameda Counties, including strengthening tunnels, bridges, overhead tracks and underwater Transbay Tube, and establish an independent citizens’ oversight committee to verify bond revenues are spent as promised?”

Measure AA was placed on the ballot to fund a portion of the Earthquake Safety Program, adopted by BART in 2004 (the “Earthquake Safety Program”). See Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – Earthquake Safety Program.” In May 2005, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004),

* Preliminary, subject to change.

2005 Series A (the “2005 Bonds”) in an aggregate principal amount of \$100,000,000, none of which remain outstanding. In July 2007, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2007 Series B (the “2007B Bonds”) in an aggregate principal amount of \$400,000,000, none of which remain outstanding. In November 2013, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2013 Series C (the “2013C Bonds”) in the aggregate principal amount of \$240,000,000, of which \$169,580,000 remain outstanding. On September 24, 2015, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2015 Refunding Series D (the “2015D Bonds”) in an aggregate principal amount of \$276,805,000, in order to refund the 2005 Bonds and a portion of the 2007B Bonds. \$273,555,000 of the 2015D Bonds remain outstanding. On June 1, 2017, the District issued the San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2017 Refunding Series E (Green Bonds) (the “2017E Bonds” and, together with the 2005 Bonds, the 2007B Bonds, the 2013C Bonds, the 2015D Bonds, and the 2019F Bonds, the “Measure AA Bonds”) in an aggregate principal amount of \$84,735,000, in order to refund a portion of the 2007B Bonds. \$75,060,000 of the 2017E Bonds remain outstanding. The 2019F Bonds are being issued to finance projects approved by Measure AA. Upon issuance of the 2019F Bonds, the District will have no remaining voter-approved authorization for future issuances under Measure AA.

Premium on the District’s general obligation bonds is required to be applied to debt service on the 2019 Bonds so the District is issuing the Taxable Bonds in order to more efficiently utilize such premium.

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ESTIMATED SOURCES AND USES OF FUNDS*

The proceeds of the sale of the 2019 Bonds are expected to be applied as follows:

	<u>2019B Bonds</u>	<u>2019F Bonds</u>
<u>Sources of Funds</u>		
Principal Amount	\$360,000,000	\$240,000,000
[Net] Original Issue Premium		
Total Sources		
<u>Uses of Funds</u>		
Project Fund	\$360,000,000	\$240,000,000
Costs of Issuance [†]		
Interest and Sinking Fund [‡]		
Total Uses		

[†] Includes Underwriters' discount, rating agency fees, trustee fees, trustee counsel fees, climate bond certification fees, printing costs, Bond and Disclosure Counsel and Municipal Advisor fees and expenses, and other miscellaneous expenses. For details regarding the Underwriters' discount, see "UNDERWRITING."

[‡] [To be applied to pay debt service on the Taxable Bonds at maturity on [_____, 20__], and a portion of interest due on the Taxable Bonds through [_____, 1, 20__].]

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* Preliminary, subject to change.

CLIMATE BOND CERTIFIED

The information set forth under this caption “Climate Bond Certified” concerning (1) the Climate Bonds Initiative (the “Climate Bonds Initiative”) and the process for obtaining Climate Bond Certification (the “Climate Bond Certification”), and (2) First Environment, Inc. (“First Environment”) in its role as a verifier with respect to the Climate Bond Certification, all as more fully described below, has been extracted from materials provided by the Climate Bonds Initiative and First Environment, respectively, for such purposes, and none of such information is guaranteed as to accuracy or completeness or is to be construed as a representation by the District or the Underwriters. Additional information relating to the Climate Bonds Initiative, the Climate Bond Standard, the Certification Process (defined herein) and the process for obtaining Climate Bond Certification can be found at www.climatebonds.net. This hyperlink is included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

The terms “Climate Bond Certified” and “green bonds” are neither defined in, nor related to the Resolutions, and their use herein is for identification purposes only and is not intended to provide or imply that a holder of the 2019 Bonds is entitled to any additional security other than as provided in the Resolutions and the Trust Agreements. The District has no continuing legal obligation to maintain the Climate Bond Certification of the 2019 Bonds.

Introduction. Green Bonds, also known as Climate Bonds, were popularized in 2008 as a method for raising capital for climate-friendly projects across the globe. In 2018, \$167.6 billion in Climate Bonds were issued worldwide, according to the Climate Bonds Initiative, an international nongovernmental, nonprofit organization dedicated to stimulating investment in projects and assets supporting environmental sustainability. The District has requested, and the Climate Bonds Standard Board has approved, the labeling of the 2019 Bonds as “Climate Bond Certified” based on the Climate Bonds Standard Verification Statement provided by First Environment. First Environment’s factual findings assessed that eligible projects included in Measure RR and Measure AA conform to the Climate Bonds – Low Carbon Land Transport Standard.

The Climate Bonds Initiative and Climate Bond Certification. The 2019 Bonds are being issued to finance or refinance projects that assist the District in providing mass transit services using an electrified railway that provides a low-carbon alternative to automobile travel. BART’s sustainability statistics include the following estimates:

- (i) 1,781,719,303 passenger miles traveled in 2018;
- (ii) 412,030 average weekday exits in 2018;
- (iii) 14.92 miles average trip length in 2018;
- (iv) 135,472 gallons of gasoline saved from all riders for one typical weekday;
- (v) 2,652,161 pounds of carbon dioxide emissions avoided from automobiles otherwise used by riders for one typical weekday;
- (vi) 324,893 megawatt-hours of traction power in 2018;
- (vii) The vast majority of BART trains are 100% electric, with the exception of BART’s new Antioch Extension (“eBART”) commissioned in May 2018, which relies on renewable diesel as a propulsion fuel;

- (viii) In 2018 approximately 98% of such electric power comes from low- and zero-carbon sources, including photovoltaic solar and hydroelectric facilities; and
- (ix) According to a 2010 U.S. Department of Transportation Federal Transit Administration report titled “Public Transportation’s Role in Responding to Climate Change,” BART was the country’s cleanest major transit system in its class emitting fewer pounds of carbon dioxide per passenger mile than any other transit system.

The District applied to the Climate Bonds Initiative under the Climate Bonds Standard & Certification Scheme (the “Certification Process”) to obtain (i) a programmatic certification that the District’s projects under Measure RR and Measure AA are consistent with the Low Carbon Land Transport Standard; and (ii) a designation of the 2019 Bonds as “Climate Bond Certified.” The Certification Process is a voluntary verification initiative which allows the District to demonstrate to the investor market, the users of the District’s transportation system, and other stakeholders that the 2019 Bonds meet international standards for climate integrity, management of proceeds and transparency. The Certification Process provides a scientific framework for determining which projects and assets are consistent with a low carbon and climate resilient economy and, therefore, eligible for inclusion in a Certified Climate Bond. The Certification Process relating to the 2019 Bonds includes pre-issuance and post-issuance requirements.

The pre-issuance requirements are designed to ensure that the District has established appropriate internal processes and controls prior to issuance of the 2019 Bonds, and that these internal processes and controls are sufficient to enable conformance with the Certification Process after the 2019 Bonds have been issued and bond proceeds are expended.

As required by the Certification Process, the District will engage a verifier to provide an annual certification of compliance to the Climate Bonds Initiative, as well as an annual statement with respect to the Measure RR and Measure AA programs certifying, to the best of its knowledge, its conformance with the certification requirements of the Climate Bonds Standard. The District will also provide an annual report to bondholders of the 2019 Bonds regarding the projects financed by proceeds of the 2019 Bonds, and may voluntarily file such report on EMMA (as defined herein).

THE 2019 BONDS

Purpose and Application of Proceeds

The 2019B Bonds are being issued to finance improvements to BART facilities authorized under Measure RR and the System Renewal Program (the “2019B Project”). See Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART Financings and Capital Programs – System Renewal Program.” Proceeds will be applied to (i) finance the 2019B Project, (ii) pay a portion of debt service on the 2019B Bonds through [_____ 1, 20__], [including the debt service in full on the 2019B-2 Bonds], and (iii) pay costs of issuance of the 2019B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.” Proceeds of the 2019B Bonds deposited into the Project Fund may be invested in any investments permitted by the District’s investment policy or in Investment Securities as such term is defined in the Measure RR Trust Agreement. See Appendix H “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS” herein. Other funds held by the Trustee will be invested by the Trustee at the direction of the District in Investment Securities as such term is defined in the Measure RR Trust Agreement.

The 2019F Bonds are being issued to finance improvements to BART facilities authorized under Measure AA and the Earthquake Safety Program (the “2019F Project”). See Appendix A – “SAN

FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART Financings and Capital Programs – Earthquake Safety Program.” Proceeds will be applied to (i) finance the 2019F Project, (ii) pay a portion of debt service on the 2019F Bonds through [_____] 1, 20____], [including the debt service in full on the 2019F-2 Bonds], and (iii) pay costs of issuance of the 2019F Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.” Proceeds of the 2019F Bonds deposited into the Project Fund may be invested in any investments permitted by the District’s investment policy or in Investment Securities as such term is defined in the Measure AA Trust Agreement. See Appendix H “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS” herein. Other funds held by the Trustee will be invested by the Trustee at the direction of the District in Investment Securities as such term is defined in the Measure AA Trust Agreement.

Authority for Issuance

The 2019B Bonds are being issued pursuant to the provisions of Part 2 of Division 10 of the Public Utilities Code of the State of California, commencing with Section 28500, Article 4.5 of Chapter 3 of Division 2 of Title 5 of the Government Code, commencing with Section 53506 and other applicable law, and according to the terms and in the manner set forth in the Measure RR Trust Agreement, as authorized by Resolution No. [_____] adopted by the Board of Directors of the District on [June 27, 2019] (the “2019B Resolution”).

The 2019F Bonds are being issued pursuant to Part 2 of Division 10 of the Public Utilities Code of the State of California, commencing with Section 28500, Article 4.5 of Chapter 3 of Division 2 of Title 5 of the Government Code, commencing with Section 53506 and other applicable law, and according to the terms and in the manner set forth in the Measure AA Trust Agreement, as authorized by Resolution No. [_____] adopted by the Board of Directors of the District on [June 27, 2019] (the “2019F Resolution” and, together with the 2019B Resolution, the “Resolutions”).

Description of the 2019 Bonds

The 2019 Bonds will be dated their date of delivery and will mature at the times and in the principal amounts as set forth on the inside cover page of the Official Statement. Interest on the Tax-Exempt Bonds shall be payable on February 1 and August 1 of each year, commencing February 1, 2020. Interest on the Taxable Bonds will be paid on the maturity date of such bonds. Interest on the 2019 Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Book-Entry-Only System

The 2019 Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2019 Bonds. Beneficial ownership interests in the 2019 Bonds may be purchased by or through a DTC Direct Participant (as such term is defined in Appendix E – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM”) in book-entry-only form in denominations of \$5,000 or any integral multiple thereof. See Appendix E – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

DTC will act as securities depository for the 2019 Bonds. See Appendix E – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.” Payments of interest on, principal of and premium, if any, on the 2019 Bonds will be made by the Trustee to DTC or its nominee, Cede & Co., as registered owner of the 2019 Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the District or the Trustee with respect to the principal or redemption price of or interest on the 2019 Bonds to the extent of the sum or sums so paid.

The District and the Trustee cannot and do not give any assurances that DTC's Direct Participants or Indirect Participants (as such terms are defined in Appendix E – "DTC AND THE BOOK-ENTRY-ONLY SYSTEM") will distribute to beneficial owners (i) payments of interest and principal with respect to the 2019 Bonds, (ii) confirmation of ownership interests in the 2019 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2019 Bonds, or that DTC's Direct Participants or Indirect Participants will do so on a timely basis.

So long as the 2019 Bonds are held in the book-entry only system of DTC, the registered owner of the 2019 Bonds will be DTC, and not the beneficial owner.

Payments, Transfers and Exchanges Upon Abandonment of Book-Entry-Only System

The book-entry system for registration of the ownership of the 2019 Bonds in book-entry-only form may be discontinued at any time if: (1) DTC resigns as securities depository for the 2019 Bonds; or (2) the District determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the District. In each of such events (unless the District appoints a successor securities depository), the 2019 Bonds shall be delivered in such denominations and registered in the names of such persons as are requested in a certificate of the District, but without any liability on the part of the District or the Trustee for the accuracy of such designation. Whenever DTC requests the District and the Trustee to do so, the District and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of or to print bonds evidencing the 2019 Bonds. Thereafter, all 2019 Bonds are transferable or exchangeable as described in the Trust Agreements.

In the event that the book-entry-only system is no longer used with respect to the 2019 Bonds, payment of interest on the Tax-Exempt Bonds will be made on each interest payment date to the person whose name appears on the bond registration books of the Trustee as the registered owner of the Tax-Exempt Bonds as of the close of business on the fifteenth day of the month prior to such interest payment date, whether or not such day is a Business Day (the "Record Date"). Payment of the interest on any Tax-Exempt Bond will be made by check or draft mailed by first class mail to the registered owner of such Tax-Exempt Bond at such owner's address as it appears on the bond registration books of the Trustee or at such address as such owner may have filed with the Trustee for that purpose; or, upon the written request of the registered owner of Tax-Exempt Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the Record Date preceding the applicable interest payment date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such owner shall specify in its written notice. Principal of, and premium, if any, on the 2019 Bonds, and interest on the Taxable Bonds, will be payable upon presentation thereof at the principal corporate trust office of the Trustee or at such other location as the Trustee may designate. The 2019 Bonds will be in the form of fully registered 2019 Bonds and will be issued in denominations of \$5,000 or any integral multiple thereof.

Redemption Provisions*

Optional Redemption. The Taxable Bonds shall not be subject to redemption prior to their respective stated maturity dates. The 2019B-1 Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The 2019B-1 Bonds maturing on and after August 1, 20__ will be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 20__ at the principal amount of such 2019B-1 Bonds called for redemption, together with

* Preliminary, subject to change.

interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2019B-1 Bonds are called for redemption, the 2019B-1 Bonds shall be redeemed in such maturities as is directed by the District, and if less than all of the 2019B-1 Bonds of any given maturity are called for redemption, the portions of 2019B-1 Bonds of a given maturity to be redeemed shall be determined by lot.

The 2019F-1 Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The 2019F-1 Bonds maturing on and after August 1, 20__ will be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 20__ at the principal amount of such 2019F-1 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2019F-1 Bonds are called for redemption, the 2019F-1 Bonds shall be redeemed in such maturities as is directed by the District, and if less than all of the 2019F-1 Bonds of any given maturity are called for redemption, the portions of 2019F-1 Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Redemption. The 2019B-1 Term Bond maturing on August 1, 20__, is also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

**Mandatory
Sinking Fund
Payment Date
(August 1)**

**Mandatory
Sinking Fund
Payment Amount**

†

† Final Maturity

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced as specified by the District, in \$5,000 increments, by the amount of any 2019B-1 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

The 2019F-1 Term Bond maturing on August 1, 20__, is also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

**Mandatory
Sinking Fund
Payment Date
(August 1)**

**Mandatory
Sinking Fund
Payment Amount**

†

[†] Final Maturity

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced as specified by the District, in \$5,000 increments, by the amount of any 2019F-1 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Selection of Redemption. If less than all of the 2019 Bonds of a series are called for redemption, such 2019 Bonds shall be redeemed in such maturities as is directed by the District. Whenever less than all of the 2019 Bonds of any one maturity are designated for redemption, the Trustee shall select the 2019 Bonds to be redeemed by lot in any manner deemed fair by the Trustee. For purposes of such selection, each 2019 Bond shall be deemed to consist of individual 2019 Bonds of \$5,000 denominations each, which may be separately redeemed.

Notice and Effect of Redemption. Notice of any redemption of any 2019 Bonds will be given by the Trustee upon written request of the District by first class mail to the registered owners of any 2019 Bonds designated for redemption at least 20 but not more than 60 days prior to the redemption date. Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the 2019 Bonds and the date of issue of the 2019 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the 2019 Bonds to be redeemed; (vi) (if less than all of the 2019 Bonds of any maturity are to be redeemed) the distinctive numbers of the 2019 Bonds of each maturity to be redeemed; (vii) (in the case of 2019 Bonds redeemed in part only) the respective portions of the principal amount of the 2019 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of 2019 Bonds to be redeemed; (ix) a statement that such 2019 Bonds must be surrendered by the Owners at the principal corporate trust office of the Trustee, or at such other place or places designated by the Trustee; and (x) notice that further interest on such 2019 Bonds will not accrue from and after the designated redemption date. A certificate of the Trustee or the District that notice of redemption has been given to Owners and to the appropriate securities depositories and as may be further required in the Continuing Disclosure Agreement shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or by any securities depository or any other party of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such 2019 Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for in the applicable Trust Agreement, and when the redemption price of the 2019 Bonds called for redemption is set aside as provided in the Trust Agreement, the 2019 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such 2019 Bonds at the place specified in the notice of redemption, such 2019 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such 2019 Bonds so called for redemption after such redemption date shall look for the payment of such 2019 Bonds and the redemption premium thereon, if any, only to the interest and sinking fund of the District (the "Interest and Sinking Fund") or the escrow fund established for such purpose. All 2019 Bonds redeemed shall be cancelled forthwith by the Trustee and shall not be reissued.

Conditional Notice. Any notice of optional redemption delivered with respect to the 2019 Bonds may be conditioned on any fact or circumstance stated therein, and if such condition will not have been satisfied on or prior to the redemption date stated in such notice, said notice will be of no force and effect on and as of the stated redemption date, the redemption will be cancelled, and the District will not be required to redeem the 2019 Bonds that were the subject of the notice. The Trustee will give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any 2019 Bond of notice of such cancellation will

not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Right to Rescind Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for optional redemption by causing written notice of the rescission to be given to the registered owners of the 2019 Bonds so called for redemption. In addition, any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund established pursuant to the Trust Agreement or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2019 Bonds called for redemption. Any notice of rescission shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the registered owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the registered owners of all outstanding 2019 Bonds all of the principal, interest and premium, if any, represented by 2019 Bonds at the times and in the manner provided in the applicable Trust Agreement and in the 2019 Bonds, or as provided pursuant to the provisions of such Trust Agreement described in the following paragraph, or as otherwise provided by law consistent with the applicable Trust Agreement, then such registered owners shall cease to be entitled to the obligation of the District to levy taxes for payment of the 2019 Bonds as described in such Trust Agreement, and such obligation and all agreements and covenants of the District to such registered owners under such Trust Agreement and under the 2019 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of and premium, if any, and interest on the 2019 Bonds, but only out of monies or securities on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment.

Pursuant to each Trust Agreement, the District may pay and discharge any or all of the 2019B Bonds and 2019F Bonds by depositing in trust with the Trustee (or an escrow agent) at or before maturity, lawful money of the United States of America or non-callable Investment Securities described in clauses (i), (ii) or (vi) of the definition thereof, in an amount which, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, will be fully sufficient to pay and discharge the indebtedness on such 2019 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. See Appendix H – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS” herein.

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DEBT SERVICE SCHEDULES

The following table sets forth annual debt service on the 2019B Bonds together with the annual debt service of the prior series of bonds issued pursuant to Measure RR:

Year Ending August 1 ⁽²⁾	Outstanding Measure RR Bonds Debt Service	2019B Bonds ⁽¹⁾		Total 2019B Bonds Debt Service	Aggregate Measure RR Bonds Debt Service
		Principal	Interest		
2020	16,771,750.00			(3)	
2021	16,769,750.00				
2022	16,770,500.00				
2023	16,771,600.00				
2024	16,770,500.00				
2025	16,772,250.00				
2026	16,774,750.00				
2027	16,772,250.00				
2028	16,774,250.00				
2029	16,774,750.00				
2030	16,773,000.00				
2031	16,773,250.00				
2032	16,774,500.00				
2033	16,772,550.00				
2034	16,772,050.00				
2035	16,771,250.00				
2036	16,770,850.00				
2037	16,770,250.00				
2038	16,771,000.00				
2039	16,774,000.00				
2040	16,769,600.00				
2041	16,772,400.00				
2042	16,771,400.00				
2043	16,771,000.00				
2044	16,774,000.00				
2045	16,774,000.00				
2046	16,774,500.00				
2047	16,773,750.00				
Total⁽¹⁾					

⁽¹⁾ Totals may reflect rounding.

⁽²⁾ The debt service payment due on August 1, 2019 in the amount of \$10,760,875 is currently held in the interest and sinking fund of the District, and shall be paid on August 1, 2019.

⁽³⁾ Includes debt service to be paid from a portion of proceeds of the 2019B Bonds through [_____].

The following table sets forth annual debt service on the 2019F Bonds issued pursuant to Measure AA:

Year Ending August 1 ⁽²⁾	Outstanding Measure AA Bonds Debt Service	2019F Bonds ⁽¹⁾			Aggregate Measure AA Bonds Debt Service
		Principal	Interest	Total 2019F Bonds Debt Service ⁽³⁾	
2020	49,280,150				
2021	49,244,900				
2022	41,872,050				
2023	41,870,600				
2024	41,869,100				
2025	41,868,950				
2026	41,872,550				
2027	41,871,300				
2028	41,869,800				
2029	41,870,050				
2030	41,863,800				
2031	41,868,050				
2032	41,868,800				
2033	41,872,550				
2034	41,871,400				
2035	41,869,200				
2036	41,265,800				
2037	41,137,800				
2038					
2039					
Total⁽¹⁾					

⁽¹⁾ Totals may reflect rounding.

⁽²⁾ The debt service payment due on August 1, 2019 in the amount of \$36,892,375 is currently held in the interest and sinking fund of the District, and shall be paid on August 1, 2019.

⁽³⁾ Includes debt service to be paid from a portion of proceeds of the 2019B Bonds through [_____].

SECURITY AND SOURCE OF PAYMENT FOR THE 2019 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the 2019 Bonds, the District is empowered and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to all other taxes levied upon property within the District. Such taxes, when collected and received by the respective BART county collecting such taxes on behalf of the District, will be deposited in the applicable Interest and Sinking Fund for the bonds authorized by Measure RR, including the 2019B Bonds, and for the bonds authorized by Measure AA, including the 2019F Bonds.

The District, in the Measure RR Trust Agreement and the Measure AA Trust Agreement, pledges all revenues from the property taxes collected from the levy for the payment of the 2019B Bonds and the 2019F Bonds, respectively, and amounts on deposit in the respective Interest and Sinking Funds to the payment of the principal or redemption price of and interest on such Bonds. Each Trust Agreement provides that the pledge will be valid and binding from the date of the Trust Agreement for the benefit of the owners of the Bonds and successors thereto. The property taxes and amounts held in such Interest and Sinking Fund will be immediately subject to this pledge, and the pledge will constitute a lien and security interest which will immediately attach to the property taxes and amounts held in such Interest and Sinking Funds to secure the payment of the related Bonds and will be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. “Bonds” for purpose of the pledge contained in the respective Trust Agreement means all bonds of the District heretofore or hereafter issued pursuant to the applicable voter approved Measure RR or Measure AA of the District.

California Government Code Section 53515 (enacted by California Senate Bill 222 (2015), effective January 1, 2016), provides that general obligation bonds are secured by a statutory lien on the *ad valorem* taxes levied and collected to pay principal and interest thereon. For more information, see “INVESTMENT CONSIDERATIONS – Limitation on Remedies” herein.

Property Taxation System

Local property taxation is the responsibility of the District and various officers of each of the Three BART Counties. In each county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding Bonds in each year, the District computes the rate of tax necessary to pay such debt service and transmits that information to each county auditor-controller. Each county auditor-controller prepares the tax rolls, and presents those rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. Each county treasurer- tax collector prepares and mails bills to taxpayers and collects the taxes. The treasurer-tax collectors of Alameda County, Contra Costa County and the City and County of San Francisco transmit the tax revenues collected to pay the District’s outstanding general obligation bonds directly to the Trustee. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. The District levies taxes through the combination of its own actions and the actions of county officers as described above for payment of voter-approved bonds. The District receives an additional allocation of property taxes for general operating purposes which constitute a part of each county’s general 1% levy. These taxes are deposited in the District’s general fund and are used by the District for operations.

Assessed Valuation of Property Within the District

As required by the law of the State, the District utilizes the services of each of the Three BART Counties for the assessment and collection of *ad valorem* taxes on property, as discussed above. Such District taxes are collected at the same time and on the same tax rolls as are county, school district, and other special district taxes. The Three BART Counties have each adopted, subject to certain limitations, an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (each, a “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, as described under “—Tax Rates, Collections and Delinquencies” and “—Teeter Plans” below.

Under Proposition 13, an amendment adopted in 1978 which added Article XIII A to the California Constitution (“Article XIII A”), the county assessor’s valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property not otherwise adjusted may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold, and that may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. Residences newly constructed or acquired prior to a downturn in the housing market may substantially decrease in assessed value. Other factors which may affect the value of property and cause it to decline are substantial damage, destruction, or inflation. Proposition 13 allows that the full cash value base may reflect from year-to-year an inflationary rate not to exceed 2% for such increase in value. See “CONSTITUTIONAL LIMITATIONS” and “INVESTMENT CONSIDERATIONS” below.

State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. State law also exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling provided that the owner files for such exemption.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the 2019 Bonds.

The following table shows a recent history of the assessed valuation of property in the District (“Fiscal Year” refers to fiscal years of July 1 through the following June 30 of the years indicated).

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San Francisco Bay Area Rapid Transit District
Assessed Valuation
(Fiscal Years Ending June 30)

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
<u>City and County of San Francisco Portion</u>					
2008-09	\$130,824,730,768	\$79,163,963	\$9,061,373,546	\$139,965,268,277	8.79%
2009-10	139,453,860,923	50,879,439	10,405,985,652	149,910,726,014	7.11
2010-11	146,680,168,492	43,565,042	9,446,789,960	156,170,523,494	4.18
2011-12	147,612,367,616	41,527,475	9,249,419,572	156,903,314,663	0.47
2012-13	153,348,031,902	46,515,990	9,764,668,943	163,159,216,835	3.99
2013-14	160,650,767,471	35,943,747	9,867,122,786	170,553,834,004	4.53
2014-15	169,001,854,462	32,843,747	10,734,859,006	179,769,557,215	5.40
2015-16	180,311,079,707	250,473,678	11,784,296,408	192,345,849,793	7.00
2016-17	195,319,718,011	242,464,205	13,750,364,838	209,312,547,054	8.82
2017-18	217,167,706,689	456,895,690	14,017,474,513	231,642,076,892	10.67
2018-19	241,800,535,728	453,925,863	14,410,415,905	256,664,877,496	10.80
<u>Alameda County Portion</u>					
2008-09	\$190,471,878,466	\$94,381,821	\$10,984,359,699	\$201,550,619,986	4.81%
2009-10	184,783,512,536	98,948,510	11,426,546,149	196,309,007,195	-2.60
2010-11	181,685,580,407	97,581,171	11,448,265,391	193,231,426,969	-1.57
2011-12	181,858,450,818	71,523,308	11,273,954,399	193,203,928,525	-0.01
2012-13	185,782,114,251	261,640,769	11,629,397,550	197,673,152,570	2.31
2013-14	195,515,528,517	969,629,855	11,531,178,412	208,016,336,784	5.23
2014-15	208,003,389,831	770,033,506	11,695,232,865	220,468,656,202	5.99
2015-16	224,219,586,188	758,810,176	12,564,441,697	237,542,838,061	7.74
2016-17	240,518,829,251	726,989,170	12,841,386,839	254,087,205,260	6.96
2017-18	257,329,548,075	597,814,349	13,101,928,319	271,029,290,743	6.67
2018-19	275,571,099,438	560,652,352	13,666,895,652	289,798,647,442	6.93
<u>Contra Costa County Portion</u>					
2008-09	\$151,955,031,630	\$576,695,232	\$4,997,996,781	\$157,529,723,643	0.23%
2009-10	140,354,485,948	557,056,345	5,288,096,603	146,199,638,896	-7.19
2010-11	135,669,128,300	560,296,728	5,037,631,621	141,267,056,649	-3.37
2011-12	134,765,284,339	539,960,865	5,240,695,911	140,545,941,115	-0.51
2012-13	135,755,672,418	590,750,775	5,454,953,657	141,801,376,850	0.89
2013-14	140,680,879,833	986,316,033	5,404,238,387	147,071,434,253	3.72
2014-15	153,890,877,314	1,093,614,055	5,485,371,422	160,469,862,791	9.11
2015-16	166,143,700,424	989,438,611	5,238,343,881	172,371,482,916	7.42
2016-17	176,545,464,148	969,779,069	5,145,073,152	182,660,316,369	5.97
2017-18	186,998,751,975	732,963,837	5,198,546,983	192,930,262,795	5.62
2018-19	198,900,921,175	660,996,279	5,490,387,706	205,052,305,160	6.28
<u>Total</u>					
2008-09	\$473,251,640,864	\$750,241,016	\$25,043,730,026	\$499,045,611,906	4.37%
2009-10	464,591,859,407	706,884,294	27,120,628,404	492,419,372,105	-1.33
2010-11	464,034,877,199	701,442,941	25,932,686,972	490,669,007,112	-0.36
2011-12	464,236,102,773	653,011,648	25,764,069,882	490,653,184,303	0.00
2012-13	474,885,818,571	898,907,534	26,849,020,150	502,633,746,255	2.44
2013-14	496,847,175,821	1,991,889,635	26,802,539,585	525,641,605,041	4.58
2014-15	530,896,121,607	1,896,491,308	27,915,463,293	560,708,076,208	6.67
2015-16	570,674,366,319	1,998,722,465	29,587,081,986	602,260,170,770	7.41
2016-17	612,384,011,410	1,939,232,444	31,736,824,829	646,060,068,683	7.27
2017-18	661,496,006,739	1,787,673,876	32,317,949,815	695,601,630,430	7.67
2018-19	716,272,556,341	1,675,574,494	33,567,699,263	751,515,830,098	8.04

Source: California Municipal Statistics, Inc.

Based upon information provided by the office of the Auditor-Controller for Contra Costa County, and by the Office of the Auditor-Controller for Alameda County and by the Office of the Controller of the City and County of San Francisco, the assessed value of taxable property within the District was approximately \$751.5 billion in Fiscal Year 2018-19. Assessed value increased in Fiscal Year 2018-19 from Fiscal Year 2017-18 by approximately \$55.9 billion, or 8.04%. Assessed values could decline or rise due to factors beyond the District's control, including taxpayer appeal, general economic conditions, or earthquakes or other natural or manmade disasters. See "CONSTITUTIONAL LIMITATIONS" and "INVESTMENT CONSIDERATIONS," below, and Appendix D – "THE ECONOMY OF THE THREE BART COUNTIES."

The following table gives the distribution of taxable property in the District by location.

**San Francisco Bay Area Rapid Transit District
2018-19 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Alameda	\$ 13,543,528,162	1.80%	\$13,543,528,162	100.000%
City of Albany	2,791,310,408	0.37	\$2,791,310,408	100.000%
City of Antioch	10,782,269,189	1.43	\$10,782,269,189	100.000%
City of Berkeley	19,428,121,379	2.59	\$19,428,121,379	100.000%
City of Brentwood	9,969,477,903	1.33	\$9,969,477,903	100.000%
City of Clayton	2,262,620,032	0.30	\$2,262,620,032	100.000%
City of Concord	16,871,236,073	2.24	\$16,871,236,073	100.000%
Town of Danville	13,123,354,151	1.75	\$13,123,354,151	100.000%
City of Dublin	16,218,218,414	2.16	\$16,218,218,414	100.000%
City of El Cerrito	4,343,979,298	0.58	\$4,343,979,298	100.000%
City of Emeryville	5,622,825,487	0.75	\$5,622,825,487	100.000%
City of Fremont	51,072,633,663	6.80	\$51,072,633,663	100.000%
City of Hayward	22,252,263,892	2.96	\$22,252,263,892	100.000%
City of Hercules	3,687,725,832	0.49	\$3,687,725,832	100.000%
City of Lafayette	8,375,732,057	1.11	\$8,375,732,057	100.000%
City of Livermore	19,057,216,765	2.54	\$19,057,216,765	100.000%
City of Martinez	6,078,217,179	0.81	\$6,078,217,179	100.000%
Town of Moraga	4,263,677,456	0.57	\$4,263,677,456	100.000%
City of Newark	9,458,632,383	1.26	\$9,458,632,383	100.000%
City of Oakland	58,876,019,456	7.83	\$58,876,019,456	100.000%
City of Oakley	4,386,088,138	0.58	\$4,386,088,138	100.000%
City of Orinda	6,929,949,670	0.92	\$6,929,949,670	100.000%
City of Piedmont	4,537,176,897	0.60	\$4,537,176,897	100.000%
City of Pinole	2,506,571,042	0.33	\$2,506,571,042	100.000%
City of Pittsburg	7,481,013,215	1.00	\$7,481,013,215	100.000%
City of Pleasant Hill	6,172,310,861	0.82	\$6,172,310,861	100.000%
City of Pleasanton	23,796,761,611	3.17	\$23,796,761,611	100.000%
City of Richmond	15,328,234,094	2.04	\$15,328,234,094	100.000%
City of San Francisco	256,664,877,496	34.15	\$256,664,877,496	100.000%
City of San Leandro	13,315,574,856	1.77	\$13,315,574,856	100.000%
City of San Pablo	1,885,982,807	0.25	\$1,885,982,807	100.000%
City of San Ramon	21,625,284,653	2.88	\$21,625,284,653	100.000%
City of Union City	10,377,650,138	1.38	\$10,377,650,138	100.000%
City of Walnut Creek	18,755,924,629	2.50	\$18,755,924,629	100.000%
Unincorporated Alameda County	19,450,713,931	2.59	\$19,450,713,931	100.000%
Unincorporated Contra Costa County	40,222,656,881	5.35	\$40,222,656,881	100.000%
Total District	\$751,515,830,098	100.00%		
 <u>Summary by County:</u>				
Alameda County	\$289,798,647,442	38.56%	\$289,798,647,442	100.000%
Contra Costa County	205,052,305,160	27.29	\$205,052,305,160	100.000%
San Francisco City and County	256,664,877,496	34.15	\$256,664,877,496	100.000%
Total District	\$751,515,830,098	100.00%		

Source: California Municipal Statistics, Inc.

The following table shows the local secured assessed valuation and number of parcels by land use category for property in the District for Fiscal Year 2018-19.

**San Francisco Bay Area Rapid Transit District
Assessed Valuation and Parcels by Land Use**

	2018-19 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$ 3,792,408,692	0.53%	6,035	0.58%
Commercial/Office	114,690,943,705	15.97	28,222	2.74
Vacant Commercial	2,324,191,736	0.32	2,274	0.22
Industrial	44,558,663,414	6.21	11,489	1.11
Vacant Industrial	2,088,327,252	0.29	2,219	0.22
Power Plants/Utility Roll	1,675,574,494	0.23	105	0.01
Recreational	2,495,638,282	0.35	2,207	0.21
Government/Social/Institutional	2,391,567,785	0.33	23,540	2.28
Miscellaneous	<u>961,318,957</u>	<u>0.13</u>	<u>2,238</u>	<u>0.22</u>
Subtotal Non-Residential	\$174,978,634,317	24.37%	78,329	7.59%
Residential:				
Single Family Residence	\$366,307,005,231	51.02%	688,220	66.70%
Condominium/Townhouse	78,904,902,448	10.99	149,340	14.47
Mobile Home	170,596,117	0.02	4,266	0.41
2-4 Residential Units	34,878,157,374	4.86	55,619	5.39
5+ Residential Units/Apartments	53,948,633,446	7.51	22,622	2.19
Timeshare Units	252,444,441	0.04	6,081	0.59
Vacant Residential	<u>5,592,905,861</u>	<u>0.78</u>	<u>23,223</u>	<u>2.25</u>
Subtotal Residential	\$540,054,644,918	75.22%	949,371	92.01%
Unclassified Vacant Parcels	\$2,914,851,600	0.41%	4,130	0.40%
Total	\$717,948,130,835	100.00%	1,031,830	100.00%

⁽¹⁾ Total secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Tax Rates, Collections and Delinquencies

Ad valorem taxes are levied for each Fiscal Year on taxable real and personal property on the tax rolls as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed and the current year's tax rate is applied to the reassessed value for the remainder of the tax year. The annual tax rate is limited to the 1% general county levy of the full cash value, plus the amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year, including the 2019 Bonds. The rate of tax necessary to pay fixed debt service on the 2019 Bonds in a given year will depend on the assessed value of taxable property in that year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, fire, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the 2019 Bonds.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on the assessment roll. The "secured roll" is that part of the assessment roll

containing State-assessed property and real property secured by a lien which is sufficient, in the opinion of the applicable County Assessor if relating to property in Alameda County or Contra Costa County, or in the opinion of the Assessor-Recorder if relating to property in the City and County of San Francisco, to secure payment of the taxes. All other taxable property is assessed on the “unsecured roll” which generally comprises all property not attached to land, such as personal property or business equipment not otherwise exempt from taxation. State law requires that the assessment roll be finalized by August 20 of each year. Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent (10%) attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five (5) years or more, the property is deeded to the State and then may be sold at public auction by the applicable County Treasurer-Tax Collector if relating to property in Alameda County or Contra Costa County and by the Assessor-Recorder if relating to property in the City and County of San Francisco.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent on August 31. A ten percent (10%) penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches on the first day of each month until paid. Each of the Three BART Counties has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment, such judgment to be filed in the office of the County Clerk-Recorder if relating to property in Alameda County or Contra Costa County, and to be filed in the office of the Assessor-Recorder if relating to property in the City and County of San Francisco, specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) recording a certificate of delinquency in the office of the County Clerk-Recorder if relating to property in Alameda County or Contra Costa County, and to be filed in the office of the Assessor-Recorder in the City and County of San Francisco if relating to property in the City and County of San Francisco in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Property owners have a right to appeal the county assessor’s valuation of their real property. See “INVESTMENT CONSIDERATIONS – Reassessments and Appeals of Assessed Values.”

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The following table shows recent history of real property tax collections and delinquencies in the District.

**San Francisco Bay Area Rapid Transit District
Secured Tax Charges and Delinquencies**

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	% Delinquent as of June 30
<u>City and County of San Francisco</u>			
2008-09	\$1,593,133,350	\$36,662,160	2.30%
2009-10	1,691,156,025	38,793,839	2.29
2010-11	1,768,368,141	29,102,564	1.65
2011-12	1,810,103,262	25,476,315	1.41
2012-13	1,878,868,414	20,668,235	1.10
2013-14	2,018,013,991	19,020,178	0.94
2014-15	1,996,955,408	15,959,828	0.80
2015-16	2,146,646,004	14,089,301	0.66
2016-17	2,310,696,197	12,020,054	0.52
2017-18	2,556,736,908	14,820,215	0.58
<u>Alameda County</u>			
2008-09	\$2,678,200,557	\$120,458,280	4.50%
2009-10	2,672,803,086	87,299,945	3.27
2010-11	2,622,091,573	66,671,453	2.54
2011-12	2,677,341,749	57,514,916	2.15
2012-13	2,728,535,736	42,358,154	1.55
2013-14	2,881,348,672	36,423,504	1.26
2014-15	3,061,123,272	34,486,942	1.13
2015-16	3,246,190,994	41,818,285	1.29
2016-17	3,464,296,368	40,054,443	1.16
2017-18	3,769,332,149	35,390,342	0.94
<u>Contra Costa County</u>			
2008-09	\$2,023,534,994	\$81,981,494	4.05%
2009-10	1,942,410,318	53,621,790	2.76
2010-11	1,871,495,451	34,561,134	1.85
2011-12	1,914,539,235	54,091,753	2.83
2012-13	1,910,681,659	20,720,820	1.08
2013-14	2,018,861,039	19,163,615	0.95
2014-15	2,198,680,361	18,988,337	0.86
2015-16	2,323,318,942	18,134,715	0.78
2016-17	2,443,499,532	18,332,203	0.75
2017-18	2,589,121,926	17,384,044	0.67
<u>Total Three BART Counties</u>			
2008-09	\$6,294,868,901	\$239,101,934	3.80%
2009-10	6,306,369,429	179,715,574	2.85
2010-11	6,261,955,165	130,335,151	2.08
2011-12	6,401,984,246	137,082,984	2.14
2012-13	6,518,085,809	83,747,209	1.28
2013-14	6,918,223,702	74,607,294	1.08
2014-15	7,256,759,041	69,435,107	0.96
2015-16	7,716,155,940	74,042,301	0.96
2016-17	8,218,492,097	70,406,700	0.86
2017-18	8,915,190,983	67,594,601	0.76

Source: California Municipal Statistics, Inc.

Teeter Plans

The City and County of San Francisco, the County of Alameda and the County of Contra Costa each adopted a Teeter Plan, as provided for in Section 4701 *et. seq.* of the California Revenue and Taxation Code. Under each Teeter Plan, each participating local agency levying property taxes is credited the amount of uncollected taxes in the same manner as if the amount credited had been collected. In return, the City and County of San Francisco, the County of Alameda and the County of Contra Costa receive and retain delinquent payments, penalties and interest as collected, that otherwise would have been due to the local agency. Taxes to pay the 2019 Bonds collected in the City and County of San Francisco and the County of Contra Costa are included in their respective Teeter Plans. The County of Alameda does not apply its Teeter Plan to collections of taxes for general obligation bonds, including the 2019 Bonds.

Each Teeter Plan is to remain in effect unless the Board of Supervisors of the applicable County orders its discontinuance or unless, prior to the commencement of a County's fiscal year (which commences on July 1), the Board of Supervisors of such County receives a petition for its discontinuance joined in by resolutions duly adopted by the governing boards of at least two-thirds of the participating revenue districts in such County. The applicable Board of Supervisors may, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency in such County if the rate of secured tax delinquency in that agency in any year exceeds three percent (3%) of the total of all taxes and assessments levied on the secured rolls in that agency.

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Largest Taxpayers in the District

The following table shows the largest secured taxpayers in the District.

San Francisco Bay Area Rapid Transit District Largest Local Secured Taxpayers Fiscal Year 2018-19

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>County</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Chevron USA Inc.	Industrial – Refinery	Contra Costa	\$ 3,728,566,048	0.52%
2.	Tesla Motors Inc.	Industrial	Alameda	2,424,307,387	0.34
3.	Equilon Enterprises LLC	Industrial – Refinery	Contra Costa	1,728,975,946	0.24
4.	Transbay Tower LLC	Office Building	San Francisco	1,336,595,294	0.19
5.	HWA 555 Owners LLC	Office Building	San Francisco	1,254,675,200	0.17
6.	Marathon Petroleum Corporation	Industrial – Refinery	Contra Costa	1,167,371,945	0.16
7.	Phillips 66 Company	Industrial – Refinery	Contra Costa	1,130,661,612	0.16
8.	Elm Property Venture LLC	Office Building	San Francisco	984,858,015	0.14
9.	SHR St. Francis LLC	Hotel	San Francisco	977,593,260	0.14
10.	PPF Paramount One Market Plaza	Office Building	San Francisco	834,307,207	0.12
11.	Parkmerced Owner LLC	Apartments	San Francisco	813,740,523	0.11
12.	Essex Portfolio LP	Apartments	Alameda/Contra Costa/San Francisco	784,680,106	0.11
13.	GSW Arena LLC	Sports Arena	San Francisco	728,401,871	0.10
14.	SFDC 50 Fremont LLC	Office Building	San Francisco	718,894,702	0.10
15.	BRE Market Street Property Owner	Office Building	San Francisco	620,372,546	0.09
16.	Emporium Mall LLC	Shopping Center	San Francisco	618,694,237	0.09
17.	Ponte Gadea California LLC	Commercial – Retail	San Francisco	601,589,324	0.08
18.	KR Mission Bay LLC	Office Building	San Francisco	558,150,177	0.08
19.	P55 Hotel Owner LLC	Hotel	San Francisco	533,785,362	0.07
20.	One Front Street Eat LLC	Office Building	San Francisco	<u>531,420,000</u>	<u>0.07</u>
				\$22,077,640,762	3.08%

⁽¹⁾ 2018-19 total secured assessed valuation, excluding tax-exempt property: \$717,948,130,835

Source: California Municipal Statistics, Inc.

Taxation of State-Assessed Utility Property

Under the Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The State Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the State Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the State Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived.

The District is unable to predict future transfers of State-assessed property in the Three BART Counties, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Direct and Overlapping Debt Report

Contained within the District's boundaries are numerous overlapping local agencies. Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated [June 1, 2019]. The Debt Report speaks only as of its date and is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations are not payable from revenues of the District nor are they necessarily obligations secured by land within the District. The Debt Report does not include any information concerning any obligations authorized but not yet issued by any public agencies whose boundaries overlap the boundaries of the District in whole or in part.

The Debt Report does not include any information concerning sales tax revenue bonds issued by the District or obligations of the District, other than general obligation bonds, issued for the benefit of the District. For information concerning such sales tax revenue bonds and other obligations of the District, see Appendix A – "SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS."

The first column in the table set forth on the following page names each public agency which has outstanding debt as of the date of the Debt Report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

**San Francisco Bay Area Rapid Transit District
Schedule of Direct and Overlapping Bonded Debt**

[To Come]

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS

Limitations on Tax Revenues

California Constitutional provisions allow for amendments by voter approval of qualified initiative petitions as well as legislative proposals. Over the years, such amendments have limited state and local taxing and spending powers, such as Proposition 98 that required approximately 48% of State general fund revenues to be expended on education. The following highlights certain provisions affecting the District.

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent (1%) limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the District’s general obligation bonds including the 2019B Bonds under the 2016 Measure RR election and the 2019F Bonds under the 2004 Measure AA election falls within the exception for bonds approved by two-thirds vote.

Section 2 of Article XIII A of the California Constitution defines “full cash value” to mean the county assessor’s valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Proposition 8 (“Proposition 8”), approved by California voters in November of 1978, subsequently amended Article XIII A to permit reduction of the full cash value base in the event of declining property values caused by damage, destruction or other factors, and provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, and assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors. See “INVESTMENT CONSIDERATIONS – Reassessments and Appeals of Assessed Values.” The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor’s measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the one percent base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII C and Article XIII D of the California Constitution. On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the District. Article XIII C also removes limitations on the initiative power with regard to reducing or repealing previously authorized local taxes. Proposition 26, approved by the voters of California on November 2, 2010, also amended Article XIII C to define “tax” to include in the two-thirds voter approval requirement local levies, charges or exactions previously considered fees with certain specified exemptions.

Article XIII D addresses assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

The interpretation and application of Proposition 218 and Proposition 26 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determinations.

Expenditures and Appropriations

Article XIII B of the California Constitution. State and local government agencies in California are each subject to annual “appropriations limits” imposed by Article XIII B of the Constitution of the State of California (“Article XIII B”). Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limit imposed. “Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which include all tax revenues and investment earnings thereon, certain state subventions and certain other funds, including proceeds received by an entity of local government from regulatory licenses, user charges or other user fees to the extent that such proceeds exceed “the cost reasonably borne by that entity in providing the regulation, product, or service.” “Appropriations subject to limitation” under Article XIII B do not include appropriations required to comply with mandates of courts or of the Federal government, appropriations for qualified outlay projects (as defined by the Legislature), or appropriations for debt service on indebtedness existing prior to the passage of Article XIII B or thereafter authorized by the voters.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, the District’s appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIII B. If revenues from “proceeds of taxes” during any two consecutive Fiscal Years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rate or fee schedules within the two subsequent Fiscal Years.

Section 7900 et seq. of the Government Code of the State of California defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. The District’s appropriations limit for the Fiscal Year ending June 30, 2020 is \$648,649,165 and the “appropriations subject to the limitation” are \$414,272,841, or \$234,376,324 under the limit. It is

not anticipated that the District will ever reach its appropriations limit. However, if it were ever to reach such limit, amounts appropriated to pay debt service on the Bonds are considered appropriations for capital outlay projects and therefore not subject to the limit.

Prohibitions on Diverting Local Revenues for State Purposes

Proposition 22, an initiative constitutional amendment adopted at the November 2010 election, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools. This was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State may have to take other actions to balance its budget in some years which could adversely affect State funding for transportation projects. One of the actions taken by the State Legislature was to dissolve redevelopment agencies, which was accomplished through the enactment of Assembly Bill No. 26 (First Extraordinary Session) in 2011 and Assembly Bill No. 1484 in 2012. The dissolution of redevelopment agencies by the State has had a modest positive impact on the District's finances related to the District's receipt of a portion of the 1% countywide general tax levy, which is used for general operating purposes.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 22, 26, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

One such proposed voter initiative, titled the "California Schools and Local Communities Funding Act" (the "Split-Roll Initiative") has qualified for the November 3, 2020 general election ballot. If passed by the voters, the Split-Roll Initiative would amend Article XIII A to allow the State to tax certain commercial and industrial property based on its fair market value, and dedicate the proceeds of increased property tax revenue to local services and school funding. The California Legislative Analyst's Office estimates that the Split-Roll Initiative, if passed, could result in a net increase in annual property tax revenues of \$6.5 billion to \$10.5 billion, depending on the strength of the real estate market. After paying administrative costs and backfilling state income tax losses relating to the Split-Roll Initiative, it is projected that approximately 40 percent of the increased property tax revenues would be allocated to schools. If passed, implementation of the measure, which would require reassessment of commercial properties, may result in difficulties in the tax assessment, appeals and collection process.

INVESTMENT CONSIDERATIONS

Economy of the Three BART Counties and the State

The economy of the Three BART Counties is in a period of robust development and expansion as evidenced by increases in sales tax revenues in recent years, employment rates, housing costs, assessed valuations, and total personal income. The District's financial condition is dependent upon the level of economic activity in the Three BART Counties and in the State generally.

For information relating to current economic conditions within the Three BART Counties and the State, see Appendix D – “THE ECONOMY OF THE THREE BART COUNTIES.”

Risk of Earthquake

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area, most notably the Hayward Fault and the San Andreas Fault (both located within the District). On August 24, 2014, an earthquake occurred in Napa, California. The tremor’s epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco. It registered 6.9 on the Richter scale of earthquake intensity, and caused fires and collapse of and structural damage to buildings, highways and bridges in the Bay Area. Neither earthquake caused damage to BART facilities.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (the “U.S.G.S.”), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled the HayWired Earthquake Scenario, which estimates property damage and direct business disruption losses of \$82 billion (in 2016 dollars) from a magnitude 7.0 earthquake on the Hayward Fault. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, District facilities could be damaged, and a major earthquake could adversely affect the area’s economic activity, in addition to adversely affecting the assessed value of property in the District.

Climate Change

Hazards relating to climate change include sea level rise, flooding, heat wave, wildfire and severe storm and wind, all of which may have adverse effects on economic activity. Any such events, if unmitigated, may also have major impacts to BART stations, trackway, traction power, train control and maintenance yard/shops, as well as wayside facilities. The impacts may directly impact patron safety, cause service disruptions and require prolonged recovery.

BART is responding to climate change impacts through developing adaptation strategies and hardening its infrastructure against such hazards. Current efforts include water intrusion mitigation, earthquake safety, erosion control, storm drainage treatment, power redundancy, and fire suppression. BART is also working with regional partners in the Bay Area to plan for regional adaptation needs. No assurance can be given that such measures will be sufficient to protect against all impacts of climate change.

Other Force Majeure Events

Operation of the BART System (as hereinafter defined) is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. The District cannot predict the potential impact of such events on the financial condition of the District.

Limitation on Remedies

The opinion of Bond Counsel notes that the rights and obligations under the 2019 Bonds and their enforceability are subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent

conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public transit districts like the District. BART cannot be forced into bankruptcy by an involuntary bankruptcy petition being filed against BART but, because it is a municipal governmental entity, BART may be eligible to file a bankruptcy petition under Chapter 9 ("Chapter 9") of the United States Bankruptcy Code under certain circumstances. Chapter 9 specifies that it does not limit or impair the power of the applicable state to control its municipalities in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. California state law provides that the *ad valorem* taxes levied for BART's general obligation bonds must be used for no other purpose than the payment of principal of and interest on the 2019 Bonds. BART believes that this law would be respected in any bankruptcy proceeding so that the tax revenues could not be used by BART for any purpose other than to make payments on the 2019 Bonds, but there are very few court decisions as to the precise meaning of this provision of Chapter 9, and no assurance can be given that a bankruptcy court would not conclude otherwise.

If BART is in bankruptcy, the parties (including the Trustee and the holders of the 2019 Bonds) may be prohibited from taking any action to collect any amount payable by BART or to enforce any obligation of BART, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2019 Bonds from funds in the Trustee's possession. In addition, the obligation of BART and the Three BART Counties to raise taxes if necessary to pay the 2019 Bonds may no longer be enforceable if BART is in bankruptcy.

Possible adverse effects of a bankruptcy of BART include delays or reductions in payments on the 2019 Bonds or other losses to the holders of the 2019 Bonds. Regardless of any specific adverse determinations in a bankruptcy proceeding, the fact of a bankruptcy of BART could have an adverse effect on the liquidity and value of the 2019 Bonds.

Statutory Lien. All general obligation bonds issued by local agencies in California, including the 2019 Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply, preventing holders of the 2019 Bonds from enforcing their rights to payment from such taxes, so payments that become due and owing on the 2019 Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the 2019 Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the 2019 Bonds. Additionally, the *ad valorem* taxes levied for payment of the 2019 Bonds are permitted under the State Constitution only if the applicable bond proposition is approved by two-thirds of voters and such bonds must be issued for the acquisition or improvement of real property. Because State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the 2019 Bonds may be prohibited from taking any action to require BART or any of the Three BART Counties to make payments on the 2019 Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Series 2019 Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District, before the remaining revenues are paid to the owners of the 2019 Bonds.

If BART goes into bankruptcy and BART or any of the Three BART Counties has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if BART or any of the Three BART Counties, as applicable, does not voluntarily pay such tax revenues to the holders of the 2019 Bonds, it is not entirely clear what procedures the holders of the 2019 Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if any of the Three BART Counties goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

No Acceleration Provision

The Trust Agreements do not contain a provision allowing for the acceleration of the 2019 Bonds in the event of a default in the payment of principal and interest on the 2019 Bonds when due. In the event of a default by the District, each holder of a 2019F Bond or a 2019B Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the respective Trust Agreement.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Tax-Exempt Bonds could become includable in federal gross income, possibly from the date of issuance of the Tax-Exempt Bonds, as a result of acts or omissions of the District subsequent to the issuance of the Tax-Exempt Bonds. Should interest become includable in federal gross income, the Tax-Exempt Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Reassessments and Appeals of Assessed Values

State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the applicable County Assessor (the "Assessor"), who may grant or refuse the request, and may appeal an assessment directly to the County Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers or blanket reassessments enacted by the assessor. Any reduction

in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the 2019 Bonds to increase accordingly, so that the fixed debt service on the 2019 Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the county treasurer against all taxing agencies who received tax revenues, including the District. See “CONSTITUTIONAL LIMITATIONS – Limitations on Tax Revenues – Article XIII A of the California Constitution.”

Cyber Security Risk

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The District has never had a major cyber breach that resulted in a financial loss.

No assurance can be given that the District’s efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the District. The District is also reliant on other entities and service providers, such as the Trustee in its role as trustee, and U.S. Bank National Association in its role as dissemination agent in connection with compliance with its disclosure undertakings. No assurance can be given that the District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the owners of the 2019 Bonds, including for example, systems related to the timeliness of payments to owners of the 2019 Bonds or compliance with disclosure filings pursuant to the Continuing Disclosure Agreement.

Threats and Acts of Terrorism

BART police and other law enforcement authorities have undertaken security measures in an effort to reduce the probability that portions of the BART System could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the BART System. The District cannot predict the likelihood of a terrorist attack on any portion of the BART System. Components of the BART System are not insured against terrorist attack. See Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – BART FINANCINGS AND CAPITAL PROGRAMS – Security Enhancement Program.”

Potential Labor Disruptions

BART employees are represented by employee bargaining units that under State law are permitted to strike during negotiations for a contract. During strikes, the District does not operate service, which results in lost operating revenues. In 2013, the District suffered strikes during contract negotiations. See Appendix A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT – Employees and Labor Relations.” The District cannot predict the potential impact of future labor disruptions on the financial condition of the District.

CITIZENS’ OVERSIGHT COMMITTEES

Measure RR, approved by voters on November 8, 2016, requires that an independent Citizens’ Oversight Committee (“Measure RR Oversight Committee”) be created by the District to review and report to the public expenditures of the bond proceeds. The current members and alternates of the Measure RR Oversight Committee were selected by the Board of Directors of the District on April 11,

2019 and are appointed to serve until June 30, 2021. Measure RR requires that members of the Measure RR Oversight Committee have expertise in certain specific subjects and reside within the District. Since its formation, the Measure RR Oversight Committee has held multiple meetings and the chair of the Measure RR Oversight Committee has presented reports to the District's Board, in which the Committee stated its consensus opinion that bond proceeds are being spent properly and in accordance with Measure RR. The 2019B Bonds will be subject to review by the Measure RR Oversight Committee.

Measure AA required that a BART Earthquake Safety Program Citizens' Oversight Committee (the "Measure AA Oversight Committee") be created by the District to confirm that proceeds of General Obligation Bonds are spent on seismic upgrades to BART structures as required by Measure AA and to review scheduling and budgeting of the projects to be funded. The current members and alternates of the Measure AA Oversight Committee were selected by the Board of Directors of the District on April 11, 2019 and are appointed to serve until June 30, 2021. Measure AA requires that members of the Measure AA Oversight Committee have expertise in certain specific subjects and reside within the District. Since its formation, the Measure AA Oversight Committee has held at least one meeting annually and the chair of the Measure AA Oversight Committee has presented reports to the District's Board, in which the Committee stated its consensus opinion that bond proceeds are being spent properly and in accordance with Measure AA. The 2019F Bonds will be subject to review by the Measure AA Oversight Committee.

The Measure RR Oversight Committee and the Measure AA Oversight Committee are responsible for confirming that work is completed and bond funds are expended in accordance with the applicable bond measure.

LEGAL MATTERS

The validity of the 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of the opinion to be delivered by Bond Counsel is attached hereto as Appendix G. Compensation of Bond Counsel and counsel to the Underwriters is contingent upon the issuance of the 2019 Bonds. Approval of certain other legal matters will be passed upon for the District by its General Counsel and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriters by Curls Bartling P.C. Neither Orrick, Herrington & Sutcliffe LLP nor Curls Bartling P.C. take any responsibility for the accuracy, completeness or fairness of this Official Statement.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix G hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular

maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

The Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the

potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix G hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price

at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Taxable Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to

the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA"). Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult

their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the 2019 Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending with respect to which the District has been served with process or, to the knowledge of the District, threatened against the District in any way affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the 2019 Bonds, the application of the proceeds thereof in accordance with the Trust Agreements, or the levy, collection or application of the *ad valorem* taxes, or in any way contesting or affecting the validity or enforceability of the 2019 Bonds or the Trust Agreements or in any way contesting the completeness or accuracy of this Official Statement with respect to the 2019 Bonds.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") and Moody's Investors Service ("Moody's") have assigned ratings of "___" and "___", respectively, to the 2019 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from such rating agencies furnishing the same at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041 and Moody's Ratings, Moody's Investors Service, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any credit ratings given to the 2019 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies, if, in their judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2019 Bonds.

MUNICIPAL ADVISOR

Sperry Capital Inc., Sausalito, California, serves as Municipal Advisor to the District with respect to the sale of the 2019 Bonds. The Municipal Advisor has not conducted a detailed investigation of the affairs of the District to determine the completeness or accuracy of this Official Statement, has not independently verified any of the data contained herein and has no responsibility for the accuracy or completeness thereof.

The compensation of the Municipal Advisor is contingent upon the issuance of the 2019 Bonds.

CONTINUING DISCLOSURE

To enable the Underwriters to comply with the requirements of Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"), the District will enter into a Continuing Disclosure Agreement with the U.S. Bank National Association, as dissemination agent, for the benefit of the Beneficial Owners (as such term is defined in such Continuing Disclosure Agreement) from time to time of the 2019 Bonds. A copy of the proposed form of Continuing Disclosure Agreement is set forth in Appendix F hereto. During the five-year period preceding the date of this Official Statement, the District has determined that certain annual reports, while including District-wide assessed value information, did not include specific assessed value information by county as may have been required by a continuing disclosure agreement. The District filed notices on the Municipal Securities Rulemaking Board Electronic Municipal Market Access System ("EMMA") with respect to the affected bonds and provided

the additional information. The District has engaged BLX Group to assist with its continuing disclosure obligations and U.S. Bank National Association to serve as Dissemination Agent.

UNDERWRITING

The 2019 Bonds are being purchased by Morgan Stanley & Co. LLC, as representative of itself and the Underwriters identified on the cover page of this Official Statement (the “Underwriters”). The bond purchase agreement provides that the Underwriters will purchase all of the 2019 Bonds, if any are purchased, at a purchase price equal to \$_____ (representing the principal amount of the 2019 Bonds, plus a net original issue premium of \$_____ and less an underwriters’ discount of \$_____).

The Underwriters are initially offering the 2019 Bonds to the public at the public offering yields indicated on the inside cover page hereof but the Underwriters may offer and sell the 2019 Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriters.

[Backstrom McCarley Berry & Co., LLC (“BMcB”), one of the Underwriters of the 2019 Bonds, has entered into separate distribution agreements (each a “Distribution Agreement”) with Wedbush Securities (“Wedbush”), TD Ameritrade (“Ameritrade”), D.A. Davidson & Co. (“Davidson”) and Hilltop Securities (“Hilltop”) that enables each distributor to distribute certain new issue municipal securities underwritten by or allocated to BMcB, which could include the 2019 Bonds. Under these Distribution Agreements, BMcB may share with Wedbush, Ameritrade, Davidson and Hilltop a portion of the fee or commission paid to BMcB.]

Citigroup Global Markets Inc., an underwriter of the 2019 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

[J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2019 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2019 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2019 Bonds that such firm sells.]

Morgan Stanley & Co. LLC, an underwriter of the 2019 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2019 Bonds.

FINANCIAL STATEMENTS

The financial statements of the District included in Appendix B to this Official Statement have been examined by Macias, Gini & O’Connell LLP (the “Auditor”), whose report thereon appears in such Appendix. The Auditor was not requested to consent to the inclusion of its report in Appendix B, nor has the Auditor 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 the Auditor with respect to any event subsequent to the date of its report.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers, holders or beneficial owners of any of the 2019 Bonds. All of the preceding summaries of the 2019 Bonds, the Trust Agreements, applicable legislation and other agreements and documents are made subject to the provisions of the 2019 Bonds and such documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Controller/Treasurer of the District has been duly authorized by the District. Concurrently with the delivery of the 2019 Bonds, the District will furnish to the Underwriters a certificate of the District to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the 2019 Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

SAN FRANCISCO BAY AREA RAPID TRANSIT
DISTRICT

By: _____
Controller/Treasurer

APPENDIX A

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

General Description of the District

The San Francisco Bay Area Rapid Transit District (the “District” or “BART”) was created in 1957 by Chapter 1056 of the Statutes of 1957 of the State of California, constituting Sections 28500 to 29757, inclusive, of the California Public Utilities Code, as amended (the “BART Legislation”) to provide rapid transit to the San Francisco Bay Area. The District is presently composed of all the area in the Counties of Alameda and Contra Costa and the City and County of San Francisco (the “Three BART Counties”). In addition, the District owns property within the County of San Mateo on which BART facilities are located, and the District acquired the right to use additional right of way and station locations in connection with the extension of its rapid transit system (the “BART System”) to the San Francisco International Airport (“SFO”) located in the County of San Mateo. Extension of the BART System to the County of Santa Clara is currently under construction. See “BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program” herein. Under certain conditions, other counties may be annexed to and become a part of the District.

References to “Fiscal Year” refer to the fiscal year beginning July 1 and ending June 30 of the following designated year.

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 and collect 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.

Administration

Governance of the District is vested in a Board of Directors (the “Board” or the “Board of Directors”) composed of nine members, each representing an election district within the District. The boundaries of the election districts have been set on the basis of, as nearly as practicable, equal

population and, among other things, community of interest of the population within the election district. The election districts are adjusted to reflect population changes after every national census. The boundaries of the District's election districts do not conform to the boundaries of the Three BART Counties. The nine electoral districts may include areas from one or more of the Three BART Counties.

Directors are elected to staggered four-year terms every two years, alternating between four and five available positions. Each term commences on the first Friday of December in the year of a November general election and ends on the first Friday of December four years later.

The District Directors are:

Director	District	City of Residence	Term Expiration (December)
Bevan Dufty, President	9	San Francisco	2020
Rebecca Saltzman, Vice President	3	Oakland	2020
Debora Allen	1	Clayton	2020
Elizabeth Ames	6	Union City	2022
Mark Foley	2	Antioch	2022
Janice Li	8	San Francisco	2022
John McPartland	5	Castro Valley	2020
Lateefah Simon	7	Oakland	2020
Robert Raburn	4	Oakland	2022

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

The five statutory officers are:

Grace Crunican, General Manager

Ms. Crunican was appointed General Manager of BART by the Board of Directors in 2011. Prior to coming to BART, she was Director of the Seattle Department of Transportation ("SDOT") for eight years, the Director of the Oregon Department of Transportation for five years, and the Deputy Administrator for the Federal Transit Administration ("FTA") for three years. Before joining the FTA, Grace led the Surface Transportation Project, and prior to that, she was with the City of Portland, Oregon for seven years, where her final position was as Deputy Director of Transportation. She was a Presidential Management Intern with the U.S. Department of Transportation and served as professional staff for the U.S. Senate Transportation Appropriations Subcommittee. She holds a B.A. from Gonzaga University and a MBA from Willamette University.

On April 11, 2019, Ms. Crunican announced her retirement from BART effective July 7, 2019. The District has appointed Robert Powers as the Interim General Manager effective July 8, 2019.

Robert Powers, Deputy General Manager

Robert Powers was named Deputy General Manager of BART in January of 2017. In this role, Mr. Powers provides 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 provides 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 in 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. Prior to joining BART, Mr. Powers served as the Director, Major Projects and Deputy Director at Seattle Department of Transportation ("SDOT"), where he oversaw SDOT's Major Projects, Traffic Management, Policy and Planning, and Capital Projects and Roadway Structures divisions. He also previously served as the Division Chief of Transportation in the Engineering and Construction Division ("TEC") for the City of Baltimore Department of Transportation.

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.

Rosemarie V. Poblete, Controller/Treasurer

Ms. Poblete joined the District in May 1996 as a Treasury Analyst in the Finance Department. She was promoted to the Manager of Debit Credit Fare Programs in February 2008 and in December 2011 to Assistant Treasurer of the District. Effective June 29, 2015, Ms. Poblete was appointed by the Board of Directors to be the Interim Controller/Treasurer and was appointed as Controller/Treasurer in March 2016. Prior to joining the District, Ms. Poblete worked in banking as an operations manager and a private banker. Ms. Poblete holds a Bachelor's degree in Business Administration from the University of the Philippines.

Matthew Burrows, General Counsel

Mr. Burrows joined the District in February 1997 as an attorney in the Office of the General Counsel. In 2007, he was promoted to Associate General Counsel and in January 2008, appointed General Counsel. Mr. Burrows received a Bachelor of Arts degree in Sociology from the University of California at Santa Barbara and his J.D. from the University of California, Hastings College of the Law.

Patricia K. Williams, District Secretary

Ms. Williams joined the District in 1996 as a Clerk III in the District Secretary's Office. She served as the Executive Staff Assistant to the District Secretary from 1998 to 2001, and as Assistant District Secretary from 2001 to September 2018, when she was appointed District Secretary. Prior to joining the District, Ms. Williams worked as a long-distance operator and

temporary office manager for AT&T. Ms. Williams holds a Bachelor of Arts degree in Management from St. Mary's College in Moraga, and she is a Certified Shorthand Reporter.

Russell Bloom, Independent Police Auditor

Mr. Bloom is the Independent Police Auditor at the BART Office of the Independent Police Auditor ("OIPA"). Mr. Bloom came to OIPA as an Investigator in 2014 after working as an in-house investigator at an Oakland civil litigation law firm specializing in plaintiff-side asbestos exposure cases. Mr. Bloom has also served on the City of Berkeley California Police Review Commission, including terms as Vice-Chair and Chair. He received an undergraduate degree from the University of California at Berkeley, and a JD from the New College of California School of Law. His law school experience includes a judicial externship with U.S. District Court Judge Thelton Henderson. Mr. Bloom has experience in the areas of civil litigation, criminal law, family law, immigration law, and law enforcement accountability.

Principal executive management staff appointed by the General Manager include:

Tamar Allen, Assistant General Manager, Operations

Ms. Allen joined the District in 1982. Ms. Allen served as Chief Mechanical Officer responsible for the rolling stock fleet from August 2005 to December 2015. In December 2015, Ms. Allen assumed responsibility for the BART infrastructure and operating systems as Chief Maintenance & Engineering Officer. In August 2018, Ms. Allen was appointed as the Assistant General Manager, Operations. Ms. Allen holds a Master of Public Administration from California State University, East Bay and a bachelor's degree from the University of California, Berkeley.

Employees and Labor Relations

As of April 3, 2019, the District has 3,946 employees, of which 3,830 are full-time and 116 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 Amalgamated Transit Union ("ATU"), Local 1555. Maintenance workers, foreworkers, 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 are represented by the BART Police Managers Association ("BPMA").

In 2016, the District and ATU, SEIU and AFSCME entered into four-year extensions of their collective bargaining agreements ("CBAs") to June 30, 2021. Other than modest annual wage increases, the contract terms in effect before each respective extension will remain unchanged.

In addition, employee contributions to medical premiums will increase by 3% per year, along with continuation of the additional employee premium contribution of \$37 per month.

Employees will continue to be eligible each year to receive a lump sum payment of \$500 for each 1% that ridership increases above the District's Short Range Transit plan ridership forecast, up to a maximum of \$1,000; however, such ridership increase payment will not be made if the pension costs increase by more than 16%, medical costs increase by more than 10%, or if there is an extraordinary unplanned expense exceeding 2.5% of the District's operating budget. In Fiscal Year 2018-19, ridership levels were such that no lump sum payment was owed.

In _____, the District and the BPOA entered into a new four-year CBA that provides a market wage adjustment of 6% in addition to modest general wage increases (2.5% to 2.75%) to compensate for BART police officers' salaries having fallen significantly behind the relevant labor market. Such CBA will expire on June 20, 2022. The District and the BPMA are currently in negotiation over the labor contract that covers BART Police Department Managers.

The District expects to enjoy stability in its labor relations through at least June 30, 2021. 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 in 2001, 2005 and 2009 without the employees resorting to strikes.

Litigation

The District is involved in various lawsuits, claims and disputes. Many of those lawsuits arise as a result of personal injuries and property damage which are anticipated in connection with operations such as the District's. The District is currently named in two active lawsuits filed by applicants and current and former employees alleging various employment related claims including claims of discrimination, a number of civil rights lawsuits arising from its ongoing police activities, litigation arising from license agreements and permits, litigation related to access, and construction-related claims.

The District is currently engaged in litigation with a company that had entered into an agreement with the District to act as the master stations retail vendor. That agreement was terminated and that company is suing the District for breach of contract. As a public agency, BART is not liable for punitive damages.

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 121 miles of dual mainline track (including some areas of more than two tracks) and 48 stations, 42 of which are located in the Three BART Counties, and six of which are located in San Mateo County on the San Francisco Peninsula. In addition, the BART System includes the diesel-powered Antioch Extension (as defined herein) and the Oakland Airport Connector (the "OAC"). Automatic fare collection equipment is located in each station to vend and process passenger tickets and Clipper Cards (as defined herein). BART System vehicles are electric multiple unit cars, with an electric motor powering each axle of every car. BART's legacy fleet includes "A," "B" and "C" cars (the "Current Cars"), which are being supplemented and will eventually be

replaced by “D” and “E” cars (the “Fleet of the Future”). Cars of BART’s Fleet of the Future are designated “D” (cab-equipped) and “E” (mid-train) cars. Trains vary from four to ten cars in length and contain one control cab-equipped vehicle at each end, with mid-train vehicles making up the remainder of each train. [As of March 1, 2019, the District’s revenue fleet numbered [728] rail cars, comprising 59 “A” cars, 377 “B” cars, 225 “C” cars, 24 “D” cars and 36 “E” cars]. 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 (“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 and San Mateo County. Lines run along the west side of the San Francisco Bay on the San Francisco Peninsula from the Millbrae station and the SFO station, under the San Francisco Bay in the San Francisco-Oakland rapid transit tube (via the “Transbay Tube”) and traverse the hills and valleys of the east side of the San Francisco Bay. For more detailed information regarding BART System routes, see the BART System map in the front portion 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 suburban areas. A number of BART stations located in downtown San Francisco enable intermodal transfers to the San Francisco Metropolitan Transportation Authority (“SFMTA”) light rail, cable cars and buses. The Millbrae station provides convenient transfers to the Caltrain commuter rail service, which provides commuter service along the San Francisco Peninsula and south to Gilroy in Santa Clara County, and the Richmond and Coliseum stations in the East Bay provide intermodal transfers to the Capitol Corridor intercity rail service between Sacramento and San Jose. The SFO station is located within SFO. The Coliseum station in Oakland provides access via the OAC to Oakland International Airport (“OAK”).

BART began operations in the early 1970s with Transbay service beginning in 1974. A number of East Bay extensions to North Concord and Pittsburg/Bay Point to the northeast and Castro Valley and Dublin Pleasanton to the southeast were added in the mid-1990s. 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 driverless, cable-propelled people mover manufactured by Doppelmayr Cable Car that travels between the Coliseum BART station and OAK in about eight minutes on a primarily elevated guideway structure along the median of Hegenberger Road. Flatiron/Parsons JV constructed the approximately \$485 million project. The OAC project is operated pursuant to a 20-year operations and maintenance contract with Doppelmayr Cable Car. For fiscal year 2019 to-date, approximately 2,750 passengers per weekday used this service.

On March 25, 2017, BART service was extended south 5.4 miles from the Fremont station to a new station in the Warm Springs district of Fremont in southern Alameda County (the “Warm Springs Extension”). The Warm Springs Extension alignment is mostly at-grade; however, it runs beneath Fremont Central Park in a mile-long cut and cover subway. The project funding plan for the \$890 million extension included substantial contributions from a variety of local and State sources and surplus revenues from the SFO Extension. The project had no federal funding and was completed approximately \$100 million under budget.

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 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 alignment is located in the median of State Route 4 with a transfer platform one half mile east of Pittsburg/Bay Point station, a station in Pittsburg at Railroad Avenue, and terminus station at Hillcrest Avenue in Antioch. To provide regional connectivity, eBART and BART trains make timed meets at the transfer platform where passengers are able to switch trains to continue to their destination. eBART operates eight DMUs out of the eBART Maintenance Facility (“EMF”) in Antioch. The EMF consists of a maintenance shop, fueling station, train washing facility, warehouse, control center, and administrative offices. The eBART Project cost approximately \$510.7 million and was opened on time and under budget. As of May 2019, weekday ridership of approximately 8,000 trips exceeded ridership projections by 43%. Public reception of the new service has been positive, but parking availability has been limited. To address this concern, in December of 2018, the Board of Directors authorized the General Manager to spend \$16 million to construct an 850-space parking lot east of the existing eBART parking lots and to enhance bike, bus, and passenger access to Antioch station. Planning is underway to extend this line farther east in Contra Costa County.

BART repairs and maintains its revenue rolling stock at four primary shop facilities in Concord, Daly City, Hayward and Richmond, as well as at a secondary facility in Hayward. The primary shop facilities in Concord, Daly City, Hayward and Richmond perform preventive and regular train maintenance based on operating hours, as well as unscheduled failure repairs. Responsibility for maintaining the District’s revenue vehicle fleet is distributed among the primary maintenance facilities, with each location generally responsible for supporting designated service routes. The Hayward Maintenance Complex (“HMC”) also houses shops for secondary and component repairs, including electrical, pneumatic, HVAC, and hydraulic repairs, as well as brake system components, door operators, couplers, power supply and vehicle subsystem solid state electronic logics. The HMC is being expanded commensurate with the extension of the BART System into the county of Santa Clara. See “BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program” herein.

Revenue Hours

BART revenue hours run from 4:00 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 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 the Fiscal Years 2012-13 to 2017-18 are set forth below.

Trip Locations:	2013	2014	2015	2016	2017	2018
East Bay	87,787	86,254	89,108	87,892	84,946	82,251
West Bay	108,726	107,682	112,492	112,889	106,814	102,844
Transbay	<u>195,780</u>	<u>205,210</u>	<u>221,519</u>	<u>232,613</u>	<u>231,636</u>	<u>229,071</u>
Average Total Weekday Trips	392,293	399,146	423,119	433,394	423,395	414,166
Percentage Annual Change	7.0%	1.7%	6.0%	2.4%	(2.3)%	(2.2)%

Following extraordinary ridership growth after the 2008-2011 recession, ridership growth started to stabilize to a more sustainable level, averaging over 423,000 weekday trips in Fiscal Year 2015 and growing 2.4% to just over 433,000 weekday trips in Fiscal Year 2016. In Fiscal Year 2017, ridership trended down, averaging 423,395 weekday trips for the year. That trend continued through Fiscal Year 2018 as ridership declined to just over 414,000 average weekday trips. Factors previously correlated with changes in BART ridership including employment, traffic congestion and the price of gas appear to have a weaker correlation presently than in past years. More recently, the increased utilization of Uber, Lyft, and other app-based services, also known as Transportation Network Companies (“TNCs”), appears to have contributed to the decline in ridership, though exactly to what extent is currently unknown. During Fiscal Year 2018, Transbay trips were down 1.1%, West Bay trips were down 3.7%, and trips within BART’s East Bay area were down 3.2%. In addition to the decline in average weekday trips, weekend trips were down as well, with Saturday trips down 6.2%, and Sunday trips down 5.1% from the prior fiscal year. The single highest day of BART ridership, with 568,061 trips, occurred on October 31, 2012, in conjunction with the San Francisco Giants World Series Victory Parade held in downtown San Francisco. BART’s peak month of ridership was in February 2016 with 446,650 average weekday trips, mainly due to Super Bowl 50 festivities.

The Coliseum station in Oakland provides access to the Oakland-Alameda County Coliseum Complex where the Oakland Raiders, a professional football team, the Oakland Athletics, a professional baseball team, and the Golden State Warriors, a professional basketball team, currently play their home games. The Golden State Warriors will relocate to a new venue in San Francisco for the 2019-20 season. The Oakland Raiders have approved plans to relocate to Las Vegas in 2020, and the Oakland Athletics are considering relocating to a different site, all of which may adversely effect ridership at the station and generally.

Passenger Fares

BART rail fares are calculated based on distance traveled, with surcharges applied to certain trips. Surcharges apply to transbay trips; trips originating from or destined to stations located in San Mateo County; and a premium applies to trips to and from the SFO station and the OAK station via the OAC. Since January 1, 2018, the minimum one-way fare is \$2.00 for riders using the regional Clipper Card and \$2.50 for riders using the magnetic stripe paper tickets. The

current maximum one-way fare for Clipper Card users is \$16.15, charged for the trip between the SFO and OAK stations, and \$16.65 for paper ticket users.

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**

* 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.

** A fare increase is scheduled to occur in January 2020[, pending Board approval in spring 2019].

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 age of 5 ride free), undergraduate and graduate students attending San Francisco State University, and seniors or persons with disabilities. Specific terms and eligibility requirements apply to each discount program.

The rates and charges of BART are by law free from the jurisdiction and control of any regulatory agency other than BART, including the California Public Utilities Commission. Passenger fares are established by a two-thirds vote of the Board of Directors and are required to be reasonable. Any Board of Supervisors of a county or city and county, or the city council of a municipality having territory located within the District, may file a request for a hearing before the Board of Directors regarding the reasonableness of any fares. The hearing must be held between 15 and 60 days from the date of the request and a decision by the Board of Directors must be rendered in writing within 30 days after the hearing. Thereafter, the decision may be reviewed by the courts through a writ of mandate. In compliance with Title VI of the Civil Rights Act of 1964, public meetings and public hearings are held before any change in fares or any substantial reduction in service is made. Such change can only be made after proper consideration has been

given to the views and comments expressed by the public, including those who are minority, low-income, or have limited English proficiency, in public meetings and at public hearings and after consideration has been given to the effects on energy conservation and the economic, environmental and social impact of such change.

Parking Programs

The District provides a variety of options for passengers who drive to BART stations. As of May 2019, parking is provided at 36 of the District's 48 stations and the total number of parking spaces provided system-wide is approximately 49,000. Parking is provided in surface lots and in parking garages. The District commenced charging for parking to enhance revenues in 2002 and now charges for parking at all stations that have parking facilities. The District offers a paid monthly and single day reserved parking program system-wide and a paid airport/long term parking program at most of its stations. The monthly reserved parking program allows passengers to purchase guaranteed parking near the entrance to a station. Monthly parking fees vary from station to station within a range of \$84 to \$262, based upon the daily fee for each station. The number of spaces set aside for monthly reserved parking under current authorization cannot exceed 25% of the total spaces in a lot. All total reserved spaces may not exceed 40% of the station's total spaces. The airport/long term parking program allows passengers traveling to either SFO or OAK to purchase permits to park their vehicles at some BART stations for periods of time greater than 24 hours. Long-term permits can be purchased via the BART website for \$6-7/day. At many stations, a number of spaces are set aside for carpoolers and for passengers who arrive at stations after 10 a.m.

The amount for the daily parking fee is demand-based, up to a \$3 daily fee limit, except at the West Oakland BART station, which does not have a limit. Every 6 months, the utilization of the parking facility is evaluated. If the facility exceeds 95% capacity, then the daily fee may increase by \$0.50 per weekday. Parking fees have now reached the \$3 daily fee limit at 35 of the 36 stations with parking.

Parking revenue for Fiscal Year 2017-18 was \$36.2 million. The adopted budget for parking revenue for Fiscal Year 2018-19 is \$36.7 million.

Power Supply

The operation of the BART System requires a substantial amount of electricity. The District's current annual electric energy requirement is approximately 425,000 megawatt-hours, with peak electric demand of approximately 85 megawatts ("MW").

The District historically purchased all of its electricity services, including both supply and delivery, from Pacific Gas & Electric Company ("PG&E"). In 1995, the California Legislature enacted statutory provisions authorizing the District to purchase electrical power supply from federal power marketing agencies, while continuing to take delivery services from PG&E under negotiated bilateral agreements. The District's authority to purchase electricity from other suppliers was expanded in 2004 to permit the District to obtain electrical power supply from local publicly owned electric utilities and again in 2015 to allow purchase from developers of renewable energy projects. Pursuant to this legislative authorization, the District's energy supply needs are

currently met through a portfolio of medium-term and long-term supply contracts, including contracts with hydroelectric and solar facilities.

In April 2017, the Board of Directors adopted the District's first Wholesale Electricity Portfolio Policy, mandating that procurement activities: (1) "Support low and stable BART operating costs" and (2) "Maximize the use of low-carbon, zero-carbon and renewable electricity supply." Specifically, this policy implemented performance measures for the energy portfolio's carbon and renewables content and for cost stability, including a 100% renewable mandate by 2045 and long-term cost advantages over equivalent bundled energy services through PG&E. In line with this policy, in 2017 the District executed two long-term renewable power purchase agreements ("PPAs") – a 45 MW solar PPA and a 62 MW wind PPA – to secure the majority of its electricity supply needs beyond 2020 at low, fixed prices. Both are expected to be online in early 2021 and will meet approximately 75% of BART's needs over the 20-year period from 2021-2040.

For energy delivery services, the District continues to utilize PG&E transmission and distribution facilities to deliver energy purchased by the District from its various suppliers. These current arrangements for energy supply and delivery are in effect through 2026. They provide significant savings to the District relative to the cost of standard bundled retail electric service from PG&E but distribution costs are expected to increase due to higher rates and higher total energy use by the District due to system extensions and increased service frequency.

The District is also a 6.6% participant/owner in the Northern California Power Agency's Lodi Energy Center, which began commercial operation in 2012, and is an obligor of a portion of the bonds issued for construction of the facility. The Lodi facility 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. 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.

Service Challenges

After more than 45 years of service, BART faces two critical capital improvement challenges. First, significant reinvestment in the existing system is required to sustain reliable and safe service for current riders. Second, BART must invest to increase capacity to meet the growing demand for transit services in the region.

Record ridership in combination with BART's aging infrastructure has resulted in increased incidents of delays in service caused by equipment failures. Higher ridership has also contributed significantly to increased delays as it has resulted in more medical emergencies, more police calls and more delays prompted by passengers jamming doors as they try to board trains. As many sections of track and trackside equipment have not been upgraded since the system opened on September 11, 1972, the District anticipates increased requirements for maintenance of its track and other equipment and response activity to emergency breakdowns. Major repairs to the Transbay Tube and adjacent track are being undertaken and will involve weekend closures of the Transbay Tube and delayed start times. The District is accelerating its program of planned weekend track outages in order to accomplish major infrastructure repair projects. These

continuous weekend work windows allow for the completion over a few weekends of major repairs and upgrades that, if attempted during the short window when the system is normally closed, would take years to complete. See “BART FINANCINGS AND CAPITAL PROGRAMS – System Reinvestment Program.”

BART has a Strategic Asset Management Program (“SAMP”) that informs investment decision making based upon risk to the BART Strategic Plan Framework adopted by the Board of Directors in 2015. SAMP also provides data-centric analysis on the state of BART’s physical assets to help communicate the ongoing need for system investment, improve the state of good repair, and achieve BART’s mission to provide safe, reliable, clean, quality transit service for riders. SAMP allows BART to take a more systematic, risk-focused approach to prioritizing investment of scarce resources for both operating and capital needs.

BART FINANCINGS AND CAPITAL PROGRAMS

Sources of Funds

The District has received and expects to continue to receive grants from the federal government, from the State, from regional bridge tolls and from local governments for capital renovation and expansion of the BART System. In addition to grants and bridge toll revenues, capital renovation and expansion of the BART System is funded with BART revenues, including allocations from the operating budget and the proceeds of BART financings, as further described below. See “– Funding Developments – *Pension Reform and Grant Funding*” 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. General obligation bonds are payable from *ad valorem* taxes required to be levied on all properties subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. General obligation bond proceeds were used to pay a portion of the cost of planning, acquisition and construction of the original 71-mile BART System, excluding the Transbay Tube and its approaches. All such original general obligation bonds have been paid.

Pursuant to voter approval in the Three BART Counties of Measure AA (“Measure AA”) at the November 2, 2004 election, the District is 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. In May 2005, the District issued its General Obligation Bonds (Election of 2004), 2005 Series A (the “2005 A Bonds”) in an aggregate principal amount of \$100,000,000. On July 25, 2007, the District issued its General Obligation Bonds (Election of 2004), 2007 Series B (the “2007 B Bonds”) in an aggregate principal amount of \$400,000,000, and on November 21, 2013, its General Obligation Bonds (Election of 2004), 2013 Series C (the “2013 C Bonds”) in the aggregate principal amount of \$240,000,000. The 2005 A Bonds, 2007 B Bonds and the 2013 C Bonds were issued to finance earthquake safety improvements to BART facilities, including aerial trackway structures, overhead and underground trackway structures, the

Transbay Tube, the Berkeley Hills Tunnel and at-grade trackway structures, stations, and administrative, maintenance, and operations facilities and to finance additional retrofits to facilitate a rapid return to service after an earthquake or other disaster. In October 2015, the District issued the General Obligation Bonds (Election of 2004), 2015 Refunding Series D (the “2015 D Bonds”) in the aggregate principal amount of \$276,805,000. The proceeds from the 2015 D Bonds were used to fully refund the remaining outstanding principal balance of \$34,680,000 of the District’s 2005 A Bonds, to advance refund \$265,735,000 principal amount of the District’s 2007 B Bonds, and to pay costs of issuance of the 2015 D Bonds. In June 2017, the District issued the General Obligation Bonds (Election of 2004), 2017 Refunding Series E (Green Bonds) (the “2017 E Bonds”) in an aggregate principal amount of \$84,735,000. The proceeds from the 2017 E Bonds, together with other District funds, were used to current refund \$93,780,000 principal amount of the District’s outstanding 2007 B Bonds and to pay costs of issuance of the 2017 E Bonds.

After the issuance of the 2005 A Bonds, 2007 B Bonds and 2013 C Bonds, the remaining principal amount of general obligation bonds that the District is authorized to issue under Measure AA is \$240,000,000. After the issuance of the District’s General Obligation Bonds (Election of 2004), 2019 Series F-1 (Green Bonds) and the District’s General Obligation Bonds (Election of 2004), 2019 Series F-2 (Federally Taxable) (Green Bonds), there will be no remaining authorization under Measure AA.

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” below. In June 2017, the District issued the General Obligation Bonds (Election of 2016), 2017 Series A-1 (Green Bonds) (the “2017 A-1 Bonds”) in an aggregate principal amount of \$271,600,000 and 2017 Series A-2 (Federally Taxable) (Green Bonds) in an aggregate principal amount of \$28,400,000 (the “2017 A-2 Bonds” and, together with the 2017 A-1 Bonds, the “2017 A Bonds”). The 2017 A Bonds were issued to finance critical infrastructure needs identified in the System Renewal Program.

As of August 2, 2019, the following issues of the general obligation bonds issued under Measure AA, including refunding bonds, and Measure RR, were outstanding:

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
2013 C Bonds (Measure AA)	\$240,000,000	\$169,580,000	2037
2015 D Bonds (Measure AA)	276,805,000	273,555,000	2035
2017 E Bonds (Measure AA)	84,735,000	75,060,000	2037
2017 A-1 Bonds (Measure RR)	271,600,000	262,280,000	2047
Total		\$780,475,000	

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 by the District within the Three BART Counties pursuant to

Section 29140 of the California Public Utilities Code. The Sales Tax Revenue Bonds are special obligations of the District issued in order to finance or refinance the costs of constructing, improving and equipping the BART System. The following issues of Sales Tax Revenue Bonds are outstanding in the amounts indicated in the table below as of August 2, 2019:

Issue	Original Principal Amount	Amount Outstanding	Final Maturity
Series 2012A Bonds	\$130,475,000	\$83,940,000	2036
Series 2012B Bonds (Taxable)	111,085,000	8,335,000	2022
Series 2015A Refunding Bonds	186,640,000	132,435,000	2034
Series 2016A Refunding Bonds	83,800,000	80,665,000	2036
Series 2017A Refunding Bonds	118,260,000	118,260,000	2034
Series 2017B Refunding Bonds (Taxable)	67,245,000	57,845,000	2023
Total		\$481,480,000	

Rail Vehicle Replacement Program

On May 10, 2012, the Board of Directors authorized the award of a contract to Bombardier Transit Corporation (“Bombardier”) for the procurement of additional and replacement cars. The base contract provides for the design, engineering, manufacture, testing, management and support of 260 heavy rail transit vehicles, with several options to procure additional vehicles thereafter, including two options for 150 vehicles, one option for 115 vehicles, and one option for 100 vehicles. The District awarded the base contract for 260 vehicles in May 30, 2012, and exercised Option 1 to procure an additional 150 vehicles on June 25, 2012. Options for an additional 365 vehicles were exercised on December 27, 2013 for a total purchase of 775 vehicles, comprising 310 “D” (control cab-equipped) and 465 “E” (non-control) cars.

Bombardier commenced delivery of 10 pilot vehicles in March 2016, which were subjected to testing, qualification, simulated revenue service and pre-production design review. Bombardier began delivery of production vehicles in early 2018 and has attained a delivery rate of 5 cars per month. To maintain compliance with the contractual delivery schedule, Bombardier is increasing their production and supply chain capacities to enable their delivery at a rate as high as 20 cars per month.

The total project cost for the 775 vehicles will be approximately \$2.584 billion and will be paid from funding sources including funds from the Metropolitan Transportation Commission (“MTC”), the Santa Clara Valley Transportation Authority (“VTA”), and from BART itself.

MTC and the District have agreed in principle that MTC by allocation of federal and State funds will fund 75%, and BART will fund the remaining 25% of the purchases under the replacement vehicle contract. Sixty vehicles are attributed to service requirements for the expansion into Santa Clara County and are funded per the terms of a cost sharing agreement entered into by VTA and BART in April 2011. A successor agreement is currently being negotiated by VTA and BART, but it is not anticipated that the successor agreement will alter the cost allocation for the 60 cars attributable to VTA.

BART anticipates funding its portion of the contract from the accumulated funds in the Rail Car Sinking Fund from annual operating funds of approximately \$45 million for twelve years ending in Fiscal Year 2024-25. For Fiscal Years 2018-19 and 2019-20, BART budgeted \$[45 million] for this sinking fund. A portion of the funds MTC expects to use to fund its share of the cars depends on FTA and Federal Highway Administration (“FHWA”) funds that are subject to authorization and appropriation by Congress, and on other critical regional transit capital needs. Should the FTA and FHWA funds become unavailable, the District cannot predict what funds, if any, MTC will provide in their place. BART and MTC may need to execute a cash flow borrowing agreement during the term of the car delivery contract in order to meet payment obligations prior to the anticipated receipt of grant and other funding.

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 agrees 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 ready-to-go BART projects, the District deposits an equal amount of local unrestricted funds into the “BART Car Exchange Fund”, a restricted account established to fund the Rail Vehicle Replacement Program. MTC is the exclusive administrator of this restricted account and any withdrawal of funds from the account requires prior approval from the MTC Commission and the BART Board. In accordance with the Exchange Agreement, MTC allocated FTA Section 5307 and 5337 grants of \$74,168,150 in Fiscal Year 2014-15, \$50,176,122 in Fiscal Year 2015-16 and \$52,547,712 in Fiscal Year 2016-17 to fund the District’s preventative maintenance expenses. In Fiscal Year 2017-18 and Fiscal Year 2018-19 there were no allocations. Accordingly, the District remitted or will remit to MTC the equivalent amount of its own funds, which funds are deposited by MTC to the BART Car Exchange Fund. The federal grant is shown as nonoperating revenue—operating financial assistance and the District’s remittance to MTC is shown as nonoperating expense in the District’s financial statements. The BART Car Exchange Fund for the Rail Vehicle Replacement Program, which is excluded from the District’s financial statements, showed a total cash and investment balance, at market value unaudited, of \$393,121,514 as of April 30, 2019.

In addition to the 775 new vehicles on order, the District plans to acquire an additional 425 new vehicles to achieve the goal of running 30 regularly scheduled ten-car trains per peak commute hours via the Transbay Tube, for the network as expanded to Santa Clara by Phase II of the Silicon Valley Program (defined below). These additional cars are planned to be all “E” (non-cab) cars, which will bring the revenue fleet to 310 “D” and 890 “E” cars, a total of 1,200 cars. The District is exploring funding options for the additional vehicles, including FTA grants, and the additional cars are included in MTC’s updated Regional Transportation Plan and the Bay Area Plan (defined herein). BART plans to phase in the first 775 new cars and phase out the existing cars, which are operationally incompatible with the new cars.

Earthquake Safety Program

The original components of the BART System, constructed in the 1960s, were designed to withstand much greater seismic stress than required by construction standards of the time. The 1989 Loma Prieta Earthquake provided a significant test of that design. BART was back in service just hours after the event, 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 earthquake risk from several major fault lines in the immediate vicinity of BART rail lines.

In Fiscal Year 2000-01, BART embarked on a comprehensive study (the “Seismic Vulnerability Study”) to assess the vulnerability of, and evaluate the risk to, the District’s physical plant and systems from a major earthquake in the San Francisco Bay Area. The Seismic Vulnerability Study, developed by BART after more than a year of engineering analysis and presented to the Board of Directors on June 6, 2002, identified retrofit strategies to strengthen the BART System.

Subsequently, on June 10, 2004, the Board of Directors adopted a General Obligation Bond Program Report, which defined a \$1.307 billion earthquake safety program (which includes projected construction inflation costs through estimated completion) (the “Earthquake Safety Program”), based on the Seismic Vulnerability Study. The Earthquake Safety Program is based on maintaining operability of the core components of the BART System and retrofitting the rest of the BART System to a life safety level. The goals of the Earthquake Safety Program are (i) to protect aerial trackway structures, underground trackway structures, including the Transbay Tube, at-grade trackway structures, stations, and administrative, maintenance, and operations facilities and (ii) to provide additional retrofits to facilitate a rapid return to service in the core of the BART System, spanning from the west portal of the Berkeley Hills Tunnel to the Daly City Yard.

In order to fund a portion of the Earthquake Safety Program, the Board of Directors adopted a resolution on June 10, 2004, placing Measure AA on the November 2, 2004 ballot seeking authorization to issue general obligation bonds, in one or more series, in an amount not to exceed \$980 million. Measure AA received approval by at least a two-thirds vote in the Three BART Counties, receiving approval from 68.8% of the voters voting on Measure AA.

Another major funding source programmed by MTC for the Earthquake Safety Program is a statutory designation contained in the Regional Measure 2 (“RM2”) program, which was approved by Bay Area voters in March 2004. Funded by an increase of toll revenues from the State-owned Bay Area toll bridges, RM2 provides \$143 million to the Earthquake Safety Program, specifically to assist in the retrofit of the Transbay Tube. Other funding sources for the Earthquake Safety Program include \$134 million of State Local Seismic Safety Retrofit Program funds and \$54 million in Measure RR general obligation bond funds. The District has completed several retrofits of the Transbay Tube, including upgrading seismic joints, soil improvement, retrofitting the Oakland Ventilation Structure and installing structural steel liner in one Transbay Tube segment. At present, the last two construction contracts of the ESP Program (the retrofit of the Fruitvale and Coliseum stations and of the Transbay Tube) are underway. The retrofit of the Transbay Tube entails the installation of the internal liner plates, to minimize intrusion of water after major seismic event, and an upgrade of the existing pumping system with an emergency power supply.

The program’s scope has been increased due to current and projected cost savings from favorable construction bids on project components, and to achieve maximum seismic benefit at

the Transbay Tube. The current budgeted value of the Earthquake Safety Program is \$[1.360 billion].

System Renewal Program and System Reinvestment Program

In 2016, BART introduced its System Renewal Program (the “System Renewal Program”) in order to address critical infrastructure needs. Specific programs identified include the repair and replacement of critical safety infrastructure; the renewal of track, power infrastructure, mechanical infrastructure, and stations; the repair of tunnels and structures; the replacement of train control and other major system infrastructure to increase peak period capacity; the expansion of opportunities to safely access stations; the relief of crowding and reduction of traffic congestion; and the design and engineering of future projects to relieve crowding, increase system redundancy and reduce traffic congestion.

A major project under the System Renewal Program is the replacement of the train control system. In 2014, the Board approved the replacement of the existing track circuit (fixed block) train control system with a modern communications based train control (“CBTC”) system. When in place, the new CBTC system, an approximately \$1.2 billion project, will allow more trains to pass through the Transbay Tube in the peak hours. The new system will be installed, tested and deployed in phases from 2020 to 2028.

The System Renewal Program includes the renewal of BART’s traction power system, which consists of over 60 substations which include power 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, generators and switchgear, and fire alarm systems.

Also included is the track rehabilitation program, under which BART plans to replace interlockings and turnouts, direct fixation assemblies and switches, upgrade yards, and eliminate track joints to improve safety and ridership experience.

The mechanical portion of the System Renewal Program consists of renovations to some of the District’s most essential services (i.e. essential systems, structures, and equipment) that support District facilities such as train control rooms, train maintenance complexes, yards, and stations. It includes HVAC systems, fire protection and suppression, pump systems, yard equipment, underground utilities, and storm water management.

The structural portion of the System Renewal Program consists of renovation and rehabilitation of the BART System’s backbone infrastructure including fall protection on aerial structures, water intrusion in tunnels, station joints, trackways, escalator and elevator rooms, train control rooms, drainage systems, and street grate rehabilitation. This program also addresses erosions at slopes and abutments and replaces cross passage doors in the tunnels.

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 new CBTC System discussed above, BART has adopted a System Reinvestment Program. To the extent the acquisition or improvement of real property is required, funds from Measure RR may be utilized for the projects in this program, including the Automatic Fare Collection Modernization Program provided for the complete renovation and replacement of automatic fare collection equipment throughout the BART System, including ticket vendors, addfare machines, and faregates. The fare collection equipment is compatible with MTC's Clipper Card Program, designed to enable a transit rider to utilize one ticket (the "Clipper Card") to access multiple transit systems within the San Francisco Bay Area. Clipper Card® has been operating on BART gates since August 2009.

System Expansion Program

Planned extensions of the BART System include:

Silicon Valley Program. The BART Silicon Valley Program (formerly referred to as the Silicon Valley Rapid Transit, or SVRT, Project) is a planned 16-mile extension of the regional BART System from BART's Warm Springs station in Fremont to the cities of Milpitas, San Jose and Santa Clara in the County of Santa Clara (the "Silicon Valley Program"). The Silicon Valley Program is being financed and implemented by VTA in accordance with the VTA - BART Comprehensive Agreement executed on November 19, 2001 (the "Comprehensive Agreement"). The Comprehensive Agreement outlines responsibilities between the two agencies concerning the planning, design, construction, management, financing, operation and maintenance of such extension. The parties are in discussions regarding a proposed operations and maintenance agreement that would address changes regarding the roles and responsibilities of the parties in the ongoing operations, maintenance, costs and revenues of the extension. The parties contemplate that such an agreement will be executed prior to the start of revenue service and that it will require VTA to be responsible for all 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.

The 16-mile extension is planned to include: six stations - one in Milpitas, four in San Jose and one in the city of Santa Clara; a five-mile tunnel through downtown San Jose and a yard and shops at the end of the line in Santa Clara. The capital cost for the six-station extension is estimated at \$7.18 billion in Year-Of-Expenditure ("YOE") dollars. The Silicon Valley Program is being implemented in phases. The first phase, the Silicon Valley Berryessa Extension Project ("SVBX"), with an estimated capital cost of \$2.42 billion in YOE dollars, was granted an FTA Full Funding Grant Agreement in March of 2012.

The construction of SVBX, which comprises a 10-mile extension of BART service with two stations – one in Milpitas and one in San Jose at Berryessa Road – is anticipated to be completed in Fiscal Year 2019-20. To date, relocation of Union Pacific Railroad ("UPRR") facilities and third-party utilities along the BART corridor for SVBX, and grade separation of Mission Boulevard, Warren Avenue and Kato Road, all in the city of Fremont, have been completed. Construction of the guideway – in trench, at grade and aerial – is also complete as is construction of the stations and parking garages. Static testing of the extension is complete and dynamic testing began in late 2017, with revenue service forecasted to begin in Fiscal Year 2019-20.

Planning and environmental studies for the second phase have been completed and the FTA issued the Record of Decision in June of 2018. FTA granted entry into the Federal New Starts Program in March of 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 FTA to enter the federal Expedited Project Delivery (“EPD”) Pilot Program in lieu of the New Starts Program. The EPD is funded through the “Consolidated Appropriations Act, 2019” and VTA continues to pursue participation in that program.

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, and there is no expectation that BART funds of any kind will be involved in any construction of the Irvington station. The City of Fremont was successful in securing \$120 million for the Irvington station when Measure BB was approved by Alameda County voters in November 2014 to fund the 2014 Transportation Expenditure Plan approved by ACTC. Pursuant to the terms of a Letter of Intent with BART, the City of Fremont is currently leading 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. In October of 2018, ACTC voted to grant BART \$16.45 million for the station’s design, which is expected to begin in 2019. Further funding for right-of-way acquisition and construction is anticipated from ACTC in 2020-21. Following the completion of design, construction, testing, certification and the on-boarding phases of the project, the Irvington station is expected to be open for passenger service in 2026.

Hayward Maintenance Complex. The Hayward Maintenance Complex will consist of a maintenance yard to handle responsibilities relating to vehicles for the Silicon Valley expansion and related system maintenance needs. The first phase of \$240 million of this \$538.7 million project has been funded by federal grants and BART operations and is now under construction. BART is actively seeking funds from various sources for this project, and is currently proceeding with a funding plan from Measure RR and its operating budget.

BART to Livermore Extension. In May 2018, BART published a Project-Level Environmental Impact Report (“EIR”) for the BART’s proposed extension to Livermore (the “BART to Livermore Extension Project”). Funding to complete the EIR was provided by the Alameda County Transportation Commission (“ACTC”) and the MTC. The proposed project consists of a 4.8-mile BART extension along I-580 to a new station in the vicinity of the Isabel Avenue/I-580 interchange. On May 24, 2018, the Board of Directors voted to certify the EIR, but to not adopt the proposed project. BART is no longer advancing the BART to Livermore Extension Project.

Security Enhancement Program

It is the District’s mission to provide safe, secure, clean, reliable, and customer-friendly regional public transit service that increases mobility and accessibility for the Bay Area. Security programs are a key component in fulfilling this mission, and as such, the District has identified significant capital investment needs for infrastructure security hardening, employee training and customer outreach (the “Security Enhancement Program”). The District’s Security Enhancement

Program integrates security planning and preparedness into all of BART's operations and services. Effective implementation and administration of the Security Enhancement Program, improves the overall security of its transit operations as well as services the District provides to its customers. At present, the District anticipates that the majority of funding required for capital security improvements will need to be obtained from external grant sources.

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 is increasingly experiencing severe crowding on the system, both onboard trains and in stations. To address crowding onboard trains, BART is proceeding with the Transbay Corridor Core Capacity Project, which will implement a package of improvements (train control modernization, additional railcars, new traction power substations, and additional rail vehicle storage capacity) that will allow BART to increase frequencies on the system. See "BART FINANCINGS AND CAPITAL PROGRAMS – Rail Vehicle Replacement Program" and "BART FINANCINGS AND CAPITAL PROGRAMS – System Expansion Program – *Hayward Maintenance Complex*" herein; see also discussion of CBTC system within "BART FINANCINGS AND CAPITAL PROGRAMS – System Renewal Program and System Reinvestment Program. This project is in the Project Development Phase of the FTA's Capital Investment Grant ("CIG") Program. BART will seek a Full Funding Grant Agreement ("FFGA") from FTA in Fiscal Year 2020. Other minor capacity enhancement projects such as tail track improvements and crossovers are implemented as grant funding is secured through a variety of sources.

BART's Station Access Policy, adopted in June 2016, guides the District's station access investments, resource management, and practices through 2025. Efforts are directed at increasing and improving access options, supporting active modes, and reducing the share of riders that access stations in a drive-and-park mode. Implementation of System Access Improvements projects is dependent upon securing funding. Grant funds are often leveraged with other BART funds. Measure RR includes \$135 million for station access projects, which will be used over the next 15 years to leverage other funds and get projects built.

Transit-Oriented Development. In 2016, the Board adopted three new policy documents guiding the Transit-Oriented Development ("TOD") program. 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, very low, and transit dependent populations. On June 9, 2016, the Board adopted a new TOD policy 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. 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.

In September 2018, Governor Jerry Brown signed Assembly Bill 2923, which requires local jurisdictions to zone developable BART-owned property within one-half mile of stations in Alameda, Contra Costa, and San Mateo Counties for TOD. BART is working with its partner jurisdictions on the implementation of this state legislation.

To date, BART and its development partners have completed 12 residential and commercial projects at the Castro Valley, Richmond, Ashby, Pleasant Hill/Contra Costa Centre, Fruitvale, West Dublin/Pleasanton, MacArthur, South Hayward, San Leandro, and Coliseum stations. Further developments are under construction at MacArthur, Walnut Creek, West Dublin/Pleasanton, and San Leandro, and additional developments at Fruitvale, Millbrae, Richmond, West Dublin/Pleasanton and Pleasant Hill/Contra Costa Centre have been approved. Other projects in various stages of development are slated for the West Oakland, Lake Merritt, North Concord and Balboa Park stations. Additional TOD activity has occurred at the Hayward and Dublin/Pleasanton stations through property exchanges with the local land use jurisdictions. The District continues to work closely with a variety of local jurisdictions, community groups and private development partners to advance such projects and to support their efforts to develop public and private funding plans for these projects. Participation in the planning and development process does not commit the District to funding any project.

Funding Developments

Pension Reform and Grant Funding. In October 2013 temporary legislation was passed exempting represented transit workers from the Public Employee's Pension Reform Act of 2013 ("PEPRA") which had been enacted in 2012 and took effect on January 1, 2013. The temporary legislation was required because the United States Department of Labor ("DOL") had refused to certify federal funding grants based on its determination that PEPRA infringed upon transit workers' collective bargaining rights. DOL certification is required for the FTA to approve and pay grants. 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. The 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. The Union has recently objected to the DOL's certification of federal funding grants based upon PEPRA. The DOL has not acted to certify. Therefore it appears as though the issue will, yet again, be presented to the courts.

State and Regional Transit Funding. BART receives funding through appropriations of State Transit Assistance ("STA"), which are derived from actual receipts of the sales tax on diesel fuel, and vehicle license fees. 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, although in recent years vehicle license fees have provided stability. STA funds are allocated by MTC.

For Fiscal Year 2019-20, MTC estimates that STA revenue will remain flat. BART will receive approximately \$39.9 million of revenue-based STA funds and \$6.1 million of State of Good Repair revenue-based STA funds. From these amounts, MTC will direct \$7.3 million to feeder bus operators providing service to BART stations, leaving a net of \$38.7 million for BART. The District will claim \$500,000 of Fiscal Year 2018-19 Population-Based County Block Grant Program funds from Alameda and Contra Costa counties. For Fiscal Year 2019-20, BART has budgeted for net STA funding of \$39.2 million.

The District also applied and received an allocation from the Low Carbon Transit Operations Program ("LCTOP") which is funded from the State's Cap-and-Trade Program annual proceeds and was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. MTC has advised that BART could expect approximately \$8.4 million of LCTOP in May of 2019, which will be programmed for BART to Antioch operations in Fiscal Year 2019-20. For additional information regarding LCTOP, see Note 9 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 July 26, 2017 the Association of Bay Area Governments and the MTC adopted Plan Bay Area (the "Bay Area Plan"), an integrated transportation and land-use strategy through 2040 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 provides a roadmap for accommodating expected growth, and connects it all to a transportation investment strategy that strives to move the Bay Area toward key regional goals for the environment, economy, and social equity. BART facilities play a critical role in meeting major goals and objectives of the Bay Area Plan.

The Bay Area Plan specifies how approximately \$303 billion in anticipated federal, state and local funds will be spent through 2040. Nearly 90% (or \$268 billion) will be used to operate, maintain, and modernize the transportation network that already exists. Maintenance, operation, and modernization of the Bay Area's existing public transit services and roadways will receive about 57% (\$173 billion). Of this total, BART is expected to receive from all sources (including farebox, taxes and grants) approximately \$44 billion in operating and capital funds.

BART continues to receive approximately \$50 million per year in capital renovation funds from the FTA Sections 5307, 5309 and 5337 Formula Funding programs, which are programmed regionally by MTC. Under its current policy, MTC funds only the District's highest scoring transit capital reinvestment needs in the Bay Area Plan. Under the Bay Area Plan, the District has a 24-year capital asset renovation and rehabilitation need of \$13.1 billion. MTC and participating counties fund these from a combination of federal formula funds ("STP/CMAQ") and State Transportation Improvement Program ("STIP") funds. For the District, this means approximately 65% of the District's 28-year capital asset renovation and rehabilitation needs are projected to be funded in Fiscal Years 2017-40. The remaining 35% of the District's reinvestment needs in this period, approximately \$5 billion, remain unfunded.

San Mateo County Transit District Settlement. On April 27, 2007, with the assistance of MTC, BART and SamTrans reached a resolution (the "Settlement") regarding the financing of operations to the five San Mateo County stations south of Daly City that make up the extension of the BART System into SFO and to the Millbrae station (the "SFO Extension"). The resulting key terms of the Settlement give BART full responsibility over SFO Extension operations, with monetary contributions from SamTrans and MTC to offset the cost of operating outside the District. MTC and SamTrans provided a combined \$56 million of up-front funding over several years, applied to fund operating deficits on the SFO Extension, and directed \$145 million to the Rail Vehicle Replacement Program per MTC Resolution 4123 dated December 13, 2013 (the "Rail Vehicle Replacement Program"). BART also receives two forms of ongoing subsidy, consisting of: two percent 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 ("TCRP") increment, approximately \$100,000 in Fiscal Year 2007-08 and a fixed amount of approximately \$800,000 beginning in Fiscal Year 2008-09, until the aforementioned \$145 million has been generated. 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 authorized a proposed toll increase of up to \$3.00 on the seven State-owned bridges within the MTC's jurisdiction (the "Bridges") subject to approval by a majority of voters in the Bay Area of

the increase and a related expenditure plan (the “Expenditure Plan”). A regional ballot measure, entitled Regional Measure 3 (“RM3”), was placed on the ballot in all nine counties in the Bay Area and, on June 5, 2018, a majority of Bay Area voters approved RM3, including a toll increase of \$3.00 phased in over time, with a \$1.00 toll increase on January 1, 2019, a \$1.00 toll increase on January 1, 2022, and a \$1.00 toll increase on January 1, 2025, for vehicles traveling on the Bridges (collectively, the “SB 595 Toll Increases”). The approved Expenditure Plan includes funding for projects to improve and enhance the Bridges and corridors from proceeds of the SB 595 Toll Increases. Within the Expenditure Plan, BART was allocated \$500 million to expand the District’s fleet of rail cars and improve reliability, and also earmarked additional funds for the Silicon Valley Project. SB 595 also required the District to establish a new independent office of the BART Inspector General (the “Inspector General”). The Inspector General is charged with ensuring that the District makes effective use of bridge toll and other revenue and operates efficiently, effectively, and in compliance with applicable federal and state laws. SB 595 allocates \$1 million annually to the Inspector General’s office from bridge toll revenues to finance operations of the office.

Two suits have been filed challenging RM3, potentially jeopardizing significant transportation funding throughout the Bay Area and funds identified for support of the new Inspector General office. In the first suit, several plaintiffs, including the Howard Jarvis Taxpayers Association, filed suit against the Bay Area Toll Authority and the State Legislature in San Francisco Superior Court (the “Court”) seeking to invalidate SB 595 and RM3, alleging that: (i) SB 595 is a change in state statute resulting in a higher tax which would require approval of two-thirds of all members of the State Legislature, and it did not meet such vote threshold, and (ii) RM3 is a special tax which would require two-thirds voter approval. On April 3, 2019, the Court granted the Bay Area Toll Authority’s and the State Legislature’s motions for judgment on the pleadings without leave to amend and, on April 17, 2019, entered judgment for defendants Bay Area Toll Authority and State Legislature. On May 20, 2019, the Howard Jarvis Taxpayers Association filed a notice of appeal to the California Courts of Appeal.

In the second suit, filed by Randall Whitney, representing himself, against MTC and other unnamed defendants, plaintiff has asserted, among other things, that: (i) SB 595 is unconstitutional, and (ii) that RM3 is a special tax which would require 2/3 voter approval. Mr. Whitney’s petition seeks, among other things, a writ of mandate “ordering MTC to nullify the RM3 tax.” On April 26, 2019, MTC filed a motion for judgment on the pleadings in this case which is currently pending before the Court.

Pursuant to Resolution No. 129 adopted by the Bay Area Toll Authority on December 18, 2018, an escrow account (the “SB 595 Escrow Account”) is established and held by MUFG Union Bank, N.A., as escrow agent, for the purpose of depositing proceeds of the SB 595 Toll Increases collected by the Authority while the Challenges to SB 595 and RM3 are pending. According to the Resolution, the SB 595 Toll Increases are to be held in the SB 595 Escrow Account until the suits have reached a final, non-appealable resolution and further action consistent with such final, non-appealable resolution is taken by the Authority.

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DISTRICT FINANCIAL INFORMATION

Financial Statements

A copy of the most recent audited financial statements of the District prepared by Macias Gini & O'Connell LLP ("MGO"), Walnut Creek, California, is included as Appendix B to this Official Statement. See Appendix B—"SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT REPORT ON AUDITS OF FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017." The financial statements of the District included in Appendix B to this Official Statement have been examined by MGO, whose report thereon appears in such Appendix. MGO was not requested to consent to the inclusion of its report in Appendix B, nor has MGO 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 MGO with respect to any event subsequent to the date of its report.

Historical Financial Results

The table on the following page summarizes BART's historical financial operating results for its General Operating Fund for the Fiscal Years ending June 30, 2014 through June 30, 2018. This summary for the Fiscal Years ending June 30, 2014 through June 30, 2018 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. 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)				
	2014	2015	2016	2017	2018
Annual Passengers (thousands)	117,074	125,979	128,524	124,171	120,554
Operating Revenues					
Passenger Revenues - Net	\$416,573	\$463,634	\$489,583	\$485,674	\$481,783
Investment Income ⁽¹⁾	8	167	1,120	2,329	4,742
Other	46,587	50,908	56,217	61,426	64,831
Total Operating Revenues	\$463,168	\$514,709	\$546,920	\$549,429	\$551,356
Financial Assistance:					
Sales Tax Revenues	\$221,149	\$233,148	\$241,546	\$247,185	\$257,882
Property Tax Revenues ⁽²⁾	32,054	34,324	38,086	41,622	45,701
Other	96,297	107,307	72,795	77,069	54,736
Total Financial Assistance	\$349,500	\$374,779	\$352,427	\$365,876	\$358,319
Total Operating Revenues and Financial Assistance	\$812,668	\$889,488	\$899,347	\$915,305	\$909,675
Operating Expenses:					
Labor	\$411,426	\$421,707	\$451,769	\$514,692	\$573,996
Electrical Power	37,231	36,004	37,680	37,883	38,976
Express Feeder Bus ⁽³⁾	1,346	3,399	3,465	3,772	3,126
Purchased Transportation-OAC	—	3,542	5,928	6,014	6,242
Other Non-Labor	121,297	132,464	139,452	153,827	150,694
Total Operating Expenses Net ⁽⁴⁾	\$571,300	\$597,116	\$638,294	\$716,188	\$773,034
Revenues for Sales Tax Bond Debt Service	\$241,368	\$292,372	\$261,053	\$199,117	\$136,641
Sales Tax Bond Debt Service ⁽⁵⁾	\$58,240	\$55,958	\$48,611	\$50,448	\$45,614
BART Car Funding Exchange ⁽⁶⁾	\$72,000	\$74,168	\$50,176	\$52,548	-
Excess Revenues/(Deficit)	\$111,128	\$162,246	\$162,266	\$96,121	\$91,027
Operating Ratio ⁽⁷⁾	81%	84%	83%	80%	76%
Farebox Ratio ⁽⁸⁾	73%	76%	74%	70%	67%

(1) Investment income amount in audited financial statements is higher due to inclusion of investment income from District Funds other than the District's General Operating Fund.

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

(3) Relates to District's share of expenses paid to local operators associated with providing passenger access to BART not covered by STA funds.

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

(5) "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. For a complete discussion of BART's long term debt, see Note 6 to the audited financial statements of the San Francisco Bay Area Rapid Transit District included as Appendix B to this Official Statement.

(6) BART Car Funding Exchange represents a transfer to MTC in exchange for the same amount in federal preventive maintenance grant provided by MTC to the District. The federal grant received is shown as part of Financial Assistance – Other.

(7) 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.

(8) Farebox Ratio is defined as total passenger revenues divided by total operating expenses, net of expenses associated with the implementation of GASB 68 and GASB 75, which affected pension expense and other post-employment benefit expenses.

Management's Discussion of Historical Financial Results

Between Fiscal Year 2013-14 and 2017-18 annual BART ridership grew from 117.1 million trips to 120.6 million trips, peaking in Fiscal Year 2015-16 at a historical high of 128.5

million trips. In this five-year period BART opened three extension projects: the OAC in November 2014, the Warm Springs Extension in March 2017, and the Antioch Extension in May 2018. Cumulatively, these projects have added thousands of net new riders to the BART System. In recent years these ridership gains were increasingly offset by concerns about safety and cleanliness on the system as well as increases in shared mobility options, particularly the increased utilization of Uber, Lyft, and other app-based services (“TNCs”). OAK first permitted operation of TNCs in November 2015, which accompanied a noticeable shift in ridership for BART at that same time. The same decline in ridership due to TNCs is occurring at the SFO station.

Passenger revenue grew from \$417 million in Fiscal Year 2013-14 to a peak of \$490 million in Fiscal Year 2015-16 due to fare increases and ridership growth. Passenger revenue began to decrease in Fiscal Year 2016-17 and was \$482 million in Fiscal Year 2017-18, 1.6% lower compared to the peak revenue in Fiscal Year 2015-16 due to declines in ridership. The decline in passenger revenue was less than the decline in ridership because most of the ridership loss was in short trips that generate less revenue per trip. Total operating revenues and financial assistance increased from \$812 million in Fiscal Year 2013-14 to \$910 million in Fiscal Year 2017-18. This increase is due to fare revenue growth, sales tax and property tax growth, and increases in other operating revenue, including parking revenue, commercial communications and advertising revenue. In addition, amounts directed to the Rail Car Fund Exchange with MTC increased over this time; however, there were no impacts to net revenues since corresponding expenses were also recognized in grant assistance.

Sales tax revenues were \$221 million in Fiscal Year 2013-14 and increased to \$258 million in Fiscal Year 2017-18, with growth rates ranging from 6.0% in Fiscal Year 2013-14 to 4.3% in Fiscal Year 2017-18.

Other operating assistance received by BART includes STA, ranging from \$10.1 million to \$20.7 million received annually during Fiscal Year 2013-14 through Fiscal Year 2017-18, although amounts have fluctuated. Recent legislation has made STA a more secure funding source for transit operators. STA revenue is projected to stabilize and grow due to the passage of Senate Bill 1 (passed in April 2017), which provides for new formula-based funding sources for public transit and augments the existing STA program. Additional financial assistance comes from BART’s portion of the one percent general property tax levy, which ranged from \$32.1 million in Fiscal Year 2013-14 to \$46 million in Fiscal Year 2017-18, with annual growth rates between 4% and 11% after recovery from the recession and continued increases in Bay Area real estate prices.

Operating expenses, excluding depreciation, increased by \$201.7 million between Fiscal Year 2013-14 and Fiscal Year 2017-18. Expense increases during these five years included additional service and investments in the BART System, the opening of the OAC (November 2014), the opening of the Warm Springs Extension (March 2017), the opening of the eBART (May 2018), as well as additional staff and funds to address areas such as system maintenance, quality of life, fare evasion, safety and security, and station cleanliness. Labor costs increased pursuant to labor contracts and benefit costs increased as well. Under new labor agreements effective Fiscal Years 2013-14 through Fiscal Year 2016-17 and recently renewed through Fiscal Year 2020-21, labor costs are anticipated to increase modestly. See “SAN

FRANCISCO BAY AREA RAPID TRANSIT DISTRICT – Employees and Labor Relations” herein.

Electric power costs increased slightly over the past five years, growing by a modest 5% mainly due to incremental costs to source electric supply from carbon-free sources, higher energy use due to expansion of system service to Warm Springs and Antioch, and increased rates for electricity delivery. While power costs have slightly increased, actual costs have come in lower than forecast due to lower cost of greenhouse gas compliance under the state’s Cap-and-Trade program and lower than expected energy prices. See “THE BART SYSTEM – Power Supply” herein.

In each Fiscal Year’s budget process, management establishes an operating ratio goal (percentage of operating revenue to operating expenses). The District has achieved operating ratios of above 70% in recent years, well above national averages for urban transit systems. Excluding the effect of GASB 68 and GASB 75 adjustments which impacted pension and other post-employment benefit expenses, the District’s operating ratio for Fiscal Year 2017-2018 was 76%, slightly below the budgeted goal of 80%.

The District proceeded with major capital projects in Fiscal Year 2017-18, including the Rail Vehicle Replacement Program, the System Reinvestment Program, the Earthquake Safety Program and the System Renewal Program. See “BART FINANCINGS AND CAPITAL PROGRAMS” herein.

Adopted Budget for Fiscal Year 2018-19 and Preliminary Budget for Fiscal Year 2019-20

On August 14, 2018, the Board of Directors adopted a \$922.2 million balanced operating budget for Fiscal Year 2018-19. The budget reflects assumptions of slowed fare revenue growth based upon recent trends.

Operating expenses in Fiscal Year 2018-19 are budgeted to increase 3% from the adopted Fiscal Year 2017-18 budget. This increase is mainly due to contractual increases in wages and associated benefits. In addition, power and other non-labor expenses increased by [5]% to meet liability reserve requirements and fund increases in contracts, materials, and inflation.

The Fiscal Year 2018-19 operating budget allocates \$108 million to support capital projects, provide local match for grant funds, improve stations, and help fund high priority System Reinvestment and Capacity Enhancement programs such as Rail Vehicle Replacement, the Hayward Maintenance Complex and the Train Control Modernization Project.

Nearly three-quarters of BART’s \$1.4 billion capital budget for Fiscal Year 2018-19 is directed to the System Reinvestment Program, which is a collection of projects generally categorized as controls and communications, facilities, mainline, rolling stock and work equipment. Major components of the System Reinvestment Program are the projects mentioned above, with \$476 million directed to the Rail Vehicle Replacement Program and \$104 million directed to the Earthquake Safety Program in Fiscal Year 2018-19. Other major expenditures reflect the increased emphasis on system reinvestment, including mainline rail and power distribution projects (\$305 million), station modernization, access, and renovation projects (\$[165 million]).

[On June 13, 2019], the Board of Directors adopted its Preliminary Operating Budget for Fiscal Year 2019-20 (the “Preliminary Budget”). The Preliminary Budget predicts that although passenger revenue will decrease by approximately \$5.6 million from Fiscal Year 2018-19, total revenue sources of the District will increase by approximately \$24.6 million, reflecting projected increases in sales and property taxes and state and federal assistance. The table below shows the revenue and expense projections in the Preliminary Budget compared to the revenues and expenses in the adopted budget for Fiscal Year 2018-19:

(millions)	FY19 Adopted	FY20 Preliminary	FY20 Prelim vs. FY19 Adopted
Revenue			
Passenger Revenue (Rail and ADA)	\$ 485.9	\$ 480.3	\$ (5.6)
<i>Fare Revenue for Operations</i>	<i>443.0</i>	<i>428.1</i>	<i>(14.9)</i>
<i>CPI-based Fare Increase Rev</i> <i>(dedicated to capital)</i>	<i>42.9</i>	<i>52.2</i>	<i>9.3</i>
Non-Fare Revenue	74.9	64.9	(10.0)
Total Financial Assistance	361.3	401.6	40.3
Total Sources	922.2	946.8	24.6
Expense			
Net Labor and Benefits	560.7	591.4	30.8
Power	43.8	45.6	1.8
Other Non-Labor	133.1	130.7	(2.4)
ADA Paratransit	16.1	16.9	0.9
Purchased Transportation	14.1	14.6	0.5
Total Expense	767.8	799.3	31.5
Debt Service and Allocations	154.4	147.5	(6.9)
TOTAL USES	922.2	946.8	24.6
Net Result	-	-	\$ -

Risk Management and Insurance

The District is partially self-insured for workers’ compensation, public liability and property damage claims. The District’s property is insured against flood damage but is not insured against earthquake damage, which is not currently commercially affordable. The District’s property is insured for \$50 million per occurrence for equipment in the Control Center and \$50 million per occurrence for all other insured property. Terrorism insurance coverage is provided in the amount of \$50 million dollars for all property. The self-insured retention for all insurance programs is \$5 million per occurrence. The District’s self-insurance programs are administered by independent claims adjustment firms. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities are discounted at a 3% rate and are based, in part, upon the independent adjustment firms’ estimate of reserves necessary for the settlement of outstanding claims and related administrative costs, and included estimates of claims that have been incurred but not yet reported. Such reserves are reviewed by professional actuaries and are subject to periodic adjustments as conditions warrant.

Pursuant to a recent evaluation of District liabilities for workers' compensation, outstanding losses as of June 30, 2018 are projected to total \$53,294,717 (undiscounted). The required reserves discounted 3% are \$44,782,938. Ultimate District workers' compensation losses are limited to \$4,000,000 self-insured retention per occurrence for the forecast periods and are estimated at \$18,506,600 for Fiscal Year 2018-19 and \$18,914,400 for Fiscal Year 2019-20. Outstanding losses for automobile and general liability are projected to be \$5,838,974 (undiscounted). The required reserves discounted 3% are \$5,538,847.

See also Note 7 to the audited financial statements of the District included as Appendix B to this Official Statement.

Investment Policy

The investment of funds of BART is made in accordance with BART's investment policy, developed by BART's Controller/Treasurer and approved by the Board of Directors on May 16, 2017 (the "Investment Policy"), and Section 53600 et seq. of the California Government Code. The Investment Policy is subject to revision by the Controller/Treasurer, subject to approval by the Board of Directors, at any time and is reviewed periodically to ensure compliance with the stated objectives of safety, liquidity, yield and current laws and financial trends.

All funds of BART and investment activities are governed by the Investment Policy, which sets forth the following primary objectives, in order of priority:

1. Preservation of capital - The investment portfolio should be structured to minimize the probability of a loss of principal value through adequate diversification of investments across a variety of security offerings, maturities, and financial institutions.
2. Liquidity – Funds shall be invested only until date of anticipated need or for a lesser period. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.
3. Yield – generation of the best available return on investment without compromise of the first two objectives.

See Appendix C—"SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY."

Set forth in the below table are the carrying values and types of investment securities in BART's General Fund as of April 30, 2019.

**INVESTMENT DISTRIBUTION
as of April 30, 2019**

Certificates of Deposit	\$868,980
Cash on Hand and in Bank	346,125,241
Investments – Federal Agency Obligations	20,520,632
Investments – Treasury Bonds & Notes	288,835,371
Total	<u>\$656,350,224</u>

Source: District.

As of April 30, 2019, the average duration of the District's investments (average days to maturity) was 75 days.

All amounts deposited in 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.

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.

Plan Description. All eligible employees may participate in the Public Employees' Retirement Fund (the "Fund") administered by CalPERS under the Miscellaneous Plan and the Safety Plan of the District. The Safety Plan covers all sworn police officers of the District; all other District employees are covered by the Miscellaneous Plan. The Fund is a multiple-employer public sector employee defined-benefit retirement plan that acts as a common investment and administrative agent for approximately 2,892 local public agencies and school districts within the State of California, including the District. 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 DOL. The temporary exemption expired on December 30, 2014 and all transit employees became subject to PEPR. See “BART FINANCINGS AND CAPITAL PROGRAMS – Funding Developments – *Pension Reform and Grant Funding*” herein.

Annual Actuarial Valuation Reports. In calculating the annual actuarially required contribution rates, the CalPERS actuary calculates, on the basis of certain assumptions, the actuarial present value of benefits that CalPERS expects to fund under the CalPERS Plans, which includes two components, the normal cost and the unfunded actuarial accrued liability (the “UAAL”). The normal cost represents the actuarial present value of benefits that CalPERS expects to fund under the CalPERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions, including the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, calculation of the UAAL involves certain actuarial adjustments. As a result, prospective investors are encouraged to consider the UAAL as an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS Plans to retirees and active employees upon their retirement, and not as a fixed or hard expression of the liability the District owes to CalPERS under the CalPERS Plans.

CalPERS uses the rate stabilization methodologies in its actuarial valuations which have been shown to be very effective in mitigating rate volatility. See Note 10 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 2018, which were based on financial data available from the District and from various CalPERS databases as of June 30, 2017. These reports established the District’s required minimum employer contribution rates for Fiscal Year 2019-20, which are 8.803% of covered payroll for the Employer Normal Cost and \$42,667,155 for the Employer Payment of Unfunded Liability for the Miscellaneous Plan and 26.689% of covered payroll for the Employer Normal Cost and \$9,507,012 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 2019-20, 2018-19, 2017-18, and 2016-17.

Valuation Date	Fiscal Year	Employer Rate for Miscellaneous	Employer Rate for Safety
As of June 30, 2017	FY 2019-2020	8.803% + \$42,667,155	26.889% + \$9,507,012
As of June 30, 2016	FY 2018-2019	8.243% + \$34,569,728	25.432% + \$8,137,254
As of June 30, 2015	FY 2017-2018	7.931% + \$26,868,170	24.708% + \$6,914,785
As of June 30, 2014	FY 2016-2017	16.383%	56.474%

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 and Safety Plan is to cover normal cost and to amortize the unfunded actuarial accrued liability.

The District, in compliance with the collective bargaining agreements, also reimburses "classic" employees as defined by CalPERS for all or a portion of the employee share of the pension contributions, which are 9% for public safety personnel and 7% for miscellaneous covered employees. The latest collective bargaining agreements require the District to reimburse represented "classic" miscellaneous employees of ATU, SEIU, and AFSCME, for their contributions, effective on July 1, 2013 in the amount of 6.50%, effective on January 1, 2014 in the amount of 6%, effective January 1, 2015 in the amount of 5%, effective January 1, 2016 in the amount of 4% and effective January 1, 2017 in the amount of 3%. Contributions for nonrepresented miscellaneous employees will be made at the same level but effective six months later in conjunction with their wage increases. With the latest collective bargaining agreements for represented BPOA and BPMA employees, they will continue to be reimbursed for their contributions. However, for BPOA-miscellaneous and BPMA, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3% and effective January 1, 2017 in the amount of 4%. For BPOA-Safety Classic, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3%, effective January 1, 2017 in the amount of 4%, effective December 17, 2018 in the amount of 7%, effective the first full pay period after July 1, 2019 in the amount of 8%, effective the first full pay period after July 1, 2020 in the amount of 9% and

effective the first full pay period after July 1, 2021 in the amount of 10%. For BPOA-Safety PEPRAs, they will contribute to the employer's share effective July 1, 2013 in the amount of 0.5%, effective January 1, 2014 in the amount of 1%, effective January 1, 2015 in the amount of 2%, effective January 1, 2016 in the amount of 3%, effective January 1, 2017 in the amount of 4%, effective December 17, 2018 in the amount of 3%, effective the first full pay period after July 1, 2019 in the amount of 2%, effective the first full pay period after July 1, 2020 in the amount of 1% and effective the first full pay period after July 1, 2021 in the amount of 0%. Contributions for non-represented safety employees will be made at the same level as BPMA but effective 6 months later in conjunction with their wage increases.

Under PEPRAs, effective January 1, 2013, "new" employees as defined by CalPERS and PEPRAs who are not represented must contribute one-half of the total normal cost. The contribution rate is 13% for safety personnel and 6.25% for miscellaneous employees. Effective July 1, 2019, the contribution rate is 13.75% for safety personnel and 7% for miscellaneous employees. State law temporarily exempted represented transit employees from these contributions; however, commencing on December 30, 2014, new represented employees began contributing at the PEPRAs rate.

Schedule of Funding Progress. The funding status applicable to the District's CalPERS Plans at June 30, 2017 (the most current information available for the plans) is summarized as follows:

Funded Status of the Miscellaneous Plan
(in thousands of dollars)⁽¹⁾

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status (Actuarial Value)	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/15	\$2,063,049	\$1,653,930	\$409,119	80.2%	\$256,334	159.6%
6/30/16	\$2,180,799	\$1,614,430	\$566,369	74.0%	\$277,522	204.0%
6/30/17	\$2,305,983	\$1,751,505	\$554,478	76.0%	\$299,427	185.2%

⁽¹⁾ Dollars reflect rounding.

Sources: CalPERS Annual Valuation Report as of June 30, 2017; District's audited financial statements for year ended June 30, 2018 and 2017.

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
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6/30/15	\$288,316	\$182,631	\$105,685	63.3%	\$19,163	551.5%
6/30/16	\$306,910	\$180,392	\$126,518	58.8%	\$19,825	638.2%
6/30/17	\$326,419	\$198,777	\$127,643	60.9%	\$20,252	630.3%

⁽¹⁾ Dollars reflect rounding.

Sources: CalPERS Annual Valuation Report as of June 30, 2017; District's audited financial statements for year ended June 30, 2018 and 2017.

CalPERS is continuing to implement strategies to improve the long-term health of the pension fund and recently approved a decrease in the discount rate assumed for future investment returns from 7.5% to 7%. This change will significantly increase the District's future contributions and together with other measures implemented are projected to require contributions by the District within ten years of more than double of the current contribution amounts. Such forecasts are subject to many variables and cannot be predicted with certainty.

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 2017-18 and 2016-17 were \$10,962,000 and \$10,286,000, respectively. The MPPP assets at June 30, 2018 and 2017 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were \$336,394,000 and \$315,742,000, respectively. As of June 30, 2018, there were approximately 219 (221 in 2017) participants receiving payments under this plan. For additional information regarding MPPP, see Note 11 to the audited financial statements of the District included as Appendix B to this Official Statement.

Other Postretirement Benefits

Postretirement Health Care Costs. In addition to the retirement benefits described above and as specified in the District's contractual agreements, the District provides postretirement 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 1, 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 postretirement health benefits. The assets of such a trust will qualify as an offset against liability under GASB 45. On May 18, 2004, the District created the Retiree Health Benefit Trust for the San Francisco Bay Area Rapid Transit District (the "Health Benefit Trust") in order to provide a vehicle for prefunding portions of retiree health benefits. Pursuant to the

terms of the Health Benefit Trust, the assets of the Health Benefit Trust are to be held for the sole and exclusive purpose of providing benefits to participants and beneficiaries and to defray the reasonable expenses of administering the Health Benefit Trust and designated plans. Assets placed into the Health Benefit Trust cannot be used for any other purposes and are not available to satisfy general creditors of the District. The Health Benefit Trust is administered by a trustee appointed by the Board of Directors. The current trustee is the Controller/Treasurer of the District.

Pursuant to a Bartel Associates, LLC report dated March 5, 2019, entitled “Retiree Healthcare Plan, June 30, 2018 Actuarial Valuation” and report dated March 6, 2019 entitled “Retiree Life Insurance, June 30, 2018 Actuarial Valuation” (the “Bartel Report”), 2,314 retirees and surviving spouses are provided retiree medical benefits. The District made payments on a pay-as-you-go basis, net of retirees’ and surviving spouses’ share, of medical insurance premiums totaling \$35,569,000 (including subsidy valued at \$4,196,000) in Fiscal Year 2018 and \$28,912,000 (including subsidy valued at \$3,900,000) in Fiscal Year 2017 and life insurance premiums amounting to \$679,000 (including subsidy valued at \$546,775) in Fiscal Year 2018 and \$685,000 (including subsidy valued at \$541,595) in Fiscal Year 2017.

At March 31, 2019, net assets (unaudited) 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 \$327,612,975.

Funding projections are based on the Bartel Report, the most recent actuarial analysis prepared for the District. These funding projections are based on certain assumptions and are inherently subject to a variety of risks and uncertainties, including increases in the cost and duration of health care benefits, which could cause actual results to differ materially from those that have been projected. Pursuant to its labor agreements, effective January 1, 2010, the District’s contribution toward medical coverage was limited to the highest Bay Area HMO rate under CalPERS (Blue Shield or Kaiser) minus the applicable retiree contribution. The actuarial accrued liability (“AAL”) as of June 30, 2018 is estimated at approximately \$587.9 million. The report also contained projected per capita claims cost updates based on Calendar Years 2017 and 2018 CalPERS premiums.

The following is the summary of results of the valuation. The Bartel Report employed different actuarial assumptions than prior actuarial valuations, including mortality improvement, inflation based on the plan's long-time horizon, age-based claims based on Society of Actuaries publications, and participation and coverage based in part on plan experience. Such assumptions contributed to an increased actuarial liability between the June 30, 2017 actuarial valuation date and the June 30, 2018 actuarial valuation date.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Projected Covered Payroll* (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$237,403	\$537,873	\$300,470	44.1%	\$307,031	97.9%
6/30/2017	\$270,151	\$573,941	\$303,790	47.1%	\$326,941	92.9%
6/30/2018	\$305,850	\$587,896	\$282,046	52.0%	\$362,428	77.8%

*The projected covered payroll is calculated out two years from the date of the actuarial valuation date.
Source: Bartel Report dated March 9, 2019.

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

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 or join a group Trust with multiple employers. The District is currently in the process of exploring these two different options to establish the Section 115 Irrevocable Supplemental Pension Trust. Once the Trust is established, 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 intends to contribute \$10 million each fiscal year to the Trust over the next ten years beginning with FY19. Total contribution over the ten-year period would be \$100 million.**

APPENDIX B

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

APPENDIX C

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

STATEMENT OF INVESTMENT POLICY

SECTION I: INVESTMENT OBJECTIVES, SCOPE & SUITABILITY

The Controller-Treasurer of the District shall invest District funds in a manner that the Controller-Treasurer deems prudent, suitable, and advantageous under existing circumstances and in accordance with the following 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.

The priorities evidenced above are consistent with California Government Code Sections 53600.3 and 53600.5.

The District's investment policy shall also discourage the investment of funds in any institution or business which conducts operations or invests funds in any country whose laws discriminate against individuals based upon race, color, or creed.

To the extent that District funds are invested pursuant to a Trust Agreement or other Security Agreement, the provisions of such document will control the investment of the funds held hereunder.

SECTION II: GOVERNING AUTHORITY

The Controller-Treasurer may invest in Securities authorized by the California Public Utilities Code Sections 29100 through 29103; California Government Code Sections 53601, 53601.1 and 53635 and Board Resolution 2697 with the following exceptions: the Controller-Treasurer will not invest in financial or commodity futures, options contracts, medium-term corporate notes, or mutual funds unless specifically authorized by the Board. Should the provisions of respective Codes become more restrictive than those contained herein, such provisions will be considered as immediately incorporated into this investment policy.

SECTION III: AUTHORIZED INVESTMENTS

The Controller-Treasurer may invest in United States treasury notes, bonds, or bills for which the full faith and credit of the United States are pledged for the payment of principal and interest; Bonds, notes, bills, warrants or obligations issued by an agency of the United States; and Municipal Obligations issued by State or Local agencies, as authorized by California Government Code Section 53601. The term remaining to maturity of the investments may not exceed five years.

The Controller-Treasurer may invest in repurchase agreements and will accept as collateral only securities of the U.S. government and U.S. governmental agencies which have a market value, including accrued interest, equal to the amount of the repurchase agreement, as authorized by California Government Code Section 53601(j). The maturity date of the collateral may, however, be later than that required by Objective 2 above.

The Controller-Treasurer may invest in reverse repurchase agreements with a maturity of 90 days or less, as authorized by California Government Code Section 53601(j).

The Controller-Treasurer may invest in "swaps" defined as, the simultaneous buying and selling of a security of approximately the same maturity to increase yield, cash flow or to improve quality.

In addition to the securities authorized above, the Controller-Treasurer may invest in public time deposits in financial institutions having at least one branch within the District boundaries.

The Controller-Treasurer will accept as collateral securities authorized by the California Government Code Section 53651 (a) through (p) excluding subsection (m) promissory notes secured by first mortgages and first trust deeds. The Controller-Treasurer will require 110% collateralization, less the portion authorized by California Government Code Section 53653 on public time deposits, except for San Francisco Federal Home Loan Bank Letters of Credit, in which case the required collateralization will be 105%.

The Controller-Treasurer has the authority to waive the required collateralization and substitute Federal Deposit Insurance Corporation (FDIC) for the first \$250,000 of the investment.

The Controller-Treasurer will continue to seek minority depository institutions, as defined by the Federal Government, for the placement of a portion of the District's funds.

The Controller-Treasurer may invest in money market mutual funds up to 20% of District funds eligible to be invested under California Government Code Section 53601. The money market mutual funds must carry a credit rating equal to or higher than U.S. Treasury securities and their portfolio must consist entirely of direct obligations of the U. S. Government, its agencies, or instrumentalities eligible, and repurchase agreements backed by such obligations.

The Controller-Treasurer may invest in the State of California Local Agency Investment Fund as authorized by California Government Code Sections 16429.1, 2, 3 & 4. up to 20% of District funds eligible to be invested under California Government Code 53601.

The Controller-Treasurer may invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank as authorized by California Government Code Section 53601 (q). These obligations may have a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO. The Controller-Treasurer may use up to 30% of District funds eligible to be invested under California Government Code Section 53601.

SECTION IV: REPORTING & ANNUAL REVIEW

The Controller-Treasurer shall report on the investments covered under this policy at least quarterly to the Board.

The foregoing defines the District's investment policies for calendar year 2017 and thereafter unless and until the policies are modified by the Controller-Treasurer and approved by the Board. The Controller-Treasurer shall review this policy annually and submit modifications to the Board when needed.

APPENDIX D

THE ECONOMY OF THE THREE BART COUNTIES

General

The San Francisco Bay Area (the “Bay Area”) encompasses the nine counties which border San Francisco Bay. The Three BART Counties (the City and County of San Francisco, Alameda County and Contra Costa County) comprise a 1,512-square-mile central core of the nearly 7,000 square miles of land in the Bay Area. The City and County of San Francisco occupies approximately 49 square miles, while Alameda County and Contra Costa County are approximately 733 and 734 square miles in size, respectively. The San Francisco Bay Area Rapid Transit District (the “District” or “BART”) service area also includes northern San Mateo County, adjacent to the southern border of San Francisco. The surrounding non-member six counties, Marin, Sonoma, Napa and Solano to the north and San Mateo and Santa Clara to the south, provide reciprocal economic support, potential users and expansion area for the District’s centrally located system. All capitalized terms used and not otherwise defined in this Appendix D shall have the meanings set forth in the front portion of this Official Statement.

The City and County of San Francisco occupies the tip of a peninsula situated between the Pacific Ocean and San Francisco Bay (the “Bay”) and is separated from Marin County and other northerly counties by the Golden Gate, which forms the entrance to the Bay and is spanned by the Golden Gate Bridge. Alameda and Contra Costa Counties, bordering the east side of the Bay across from San Francisco, stretch eastward up to 40 miles beyond the series of hills between the Bay and the Central Valley (the Sacramento and San Joaquin Valleys) of California. Contra Costa County is bordered on the northwest by San Pablo Bay and the north by the Carquinez Strait and the extensive delta area of the Sacramento and San Joaquin Rivers, which empty into the Bay. Alameda County adjoins Santa Clara County at the southern end of the Bay. Linking the Bay Area are eight major toll bridges.

Sales taxes levied in the Three BART Counties are a principal source of District revenues. Sales tax revenues depend on economic activity and trends as well as the demographic characteristics of the Three BART Counties. Historical trends are summarized below and forecasts are presented for the population and employment of the Three BART Counties.

Historical Population and Employment Trends

Table 1 shows historical population for cities within the Three BART Counties for the selected years between 2000 and 2019. Population in the Three BART Counties increased approximately 17.0% between 2000 and 2019 and approximately 0.6% between 2018 and 2019.

Table 1
HISTORICAL POPULATION
Alameda and Contra Costa Counties and City and County of San Francisco
2000, 2010 and 2016 through 2019

	2000⁽¹⁾	2010⁽¹⁾	2016⁽²⁾	2017⁽²⁾	2018⁽²⁾	2019⁽²⁾	% Change 2018-2019
Alameda County							
Alameda	72,259	73,812	78,750	78,945	78,980	79,316	0.4%
Albany	16,444	18,539	18,749	18,861	19,216	19,393	0.9
Berkeley	102,743	112,580	120,012	121,328	122,369	123,328	0.8
Dublin	30,023	46,036	57,879	59,500	61,874	64,577	4.4
Emeryville	6,882	10,080	11,738	11,883	11,871	11,885	0.1
Fremont	203,413	214,089	229,687	230,525	231,252	232,532	0.6
Hayward	140,030	144,186	156,114	158,290	158,693	159,433	0.5
Livermore	73,464	80,968	87,976	89,517	90,359	91,039	0.8
Newark	42,471	42,573	44,882	45,479	47,178	48,712	3.3
Oakland	399,566	390,724	426,850	430,482	431,373	432,897	0.4
Piedmont	10,952	10,667	11,292	11,368	11,368	11,420	0.5
Pleasanton	63,654	70,285	76,073	77,097	79,483	80,492	1.3
San Leandro	79,452	84,950	89,605	89,630	89,552	89,825	0.3
Union City	66,869	69,516	73,430	74,100	74,058	74,916	1.2
Other Areas	135,717	141,266	148,051	149,151	149,258	149,536	0.2
	1,443,939	1,510,271	1,631,088	1,646,156	1,656,884	1,669,301	0.7%
Contra Costa County							
Antioch	90,532	102,372	111,382	112,674	113,266	113,901	0.6%
Brentwood	23,302	51,481	59,063	60,583	62,140	63,662	2.4
Clayton	10,762	10,897	11,389	11,558	11,631	11,653	0.2
Concord	121,872	122,067	129,171	129,288	129,493	129,889	0.3
Danville	41,715	42,039	44,318	44,823	45,103	45,270	0.4
El Cerrito	23,171	23,549	24,711	24,971	25,192	25,459	1.1
Hercules	19,488	24,060	25,299	25,833	25,964	26,224	1.0
Lafayette	23,908	23,893	25,486	25,835	26,077	26,327	1.0
Martinez	35,866	35,824	37,840	38,233	38,406	38,490	0.2
Moraga	16,290	16,016	16,748	16,783	16,886	16,939	0.3
Oakley ⁽³⁾	25,619	35,432	40,127	40,355	40,949	41,759	2.0
Orinda	17,599	17,643	18,911	19,158	19,331	19,475	0.7
Pinole	19,039	18,390	19,176	19,371	19,458	19,498	0.2
Pittsburg	56,769	63,264	69,256	70,334	72,006	72,541	0.7
Pleasant Hill	32,837	33,152	34,609	34,850	34,969	35,055	0.2
Richmond	99,216	103,701	109,646	109,863	110,128	110,436	0.3
San Pablo	30,256	29,139	31,250	31,577	31,737	31,817	0.3
San Ramon	44,722	72,148	79,899	81,947	83,179	83,957	0.9
Walnut Creek	64,296	64,173	68,920	69,243	69,498	70,121	0.9
Other Areas	151,557	159,785	171,373	172,467	172,466	173,406	0.5
	948,816	1,049,025	1,128,574	1,139,746	1,147,879	1,155,879	0.7%
City and County of San Francisco	776,733	805,235	865,992	873,352	880,980	883,869	0.3%
Three BART Counties	3,169,488	3,364,531	3,625,654	3,659,254	3,685,743	3,709,049	0.6%

⁽¹⁾ As of April 1 of that year.

⁽²⁾ As of January 1 of that year.

⁽³⁾ The City of Oakley was incorporated in 1999.

Source: For 2000-2010: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, California, November 2012; For 2016-2017: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark. Sacramento, California, May 2019; For 2018-2019: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018 and 2019. Sacramento, California, May 2019.

Table 2-A shows historical nonagricultural employment for Alameda and Contra Costa Counties, and the City and County of San Francisco and San Mateo County by industry sector in calendar year 2017 and Table 2-B shows total nonagricultural employment for those counties by industry sector in calendar years 2007 and 2017.

Table 2-A
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Alameda and Contra Costa Counties and City and County of San Francisco and San Mateo County
Calendar Year 2017
(Not Seasonally Adjusted)

	Alameda and Contra Costa Counties		City and County of San Francisco and San Mateo County	
	Number	Percent⁽²⁾	Number	Percent⁽²⁾
Total Nonagricultural Employment ⁽¹⁾	1,159,200	-	1,111,100	-
<i>Major Classifications</i>				
Manufacturing.....	95,500	8.2%	39,300	3.5%
Transportation, Warehousing and Public Utilities	40,500	3.5	43,900	4.0
Wholesale Trade	48,700	4.2	26,700	2.4
Retail Trade	114,400	9.9	81,200	7.3
Finance and Insurance	38,700	3.3	57,100	5.1
Real Estate, Rental and Leasing	17,400	1.5	21,600	1.9
Information.....	26,800	2.3	77,800	7.0
Professional & Business Services.....	184,700	15.9	275,900	24.8
Educational & Health Services	191,500	16.5	136,000	12.2
Leisure & Hospitality	114,900	9.9	140,500	12.6
Other Services	40,200	3.5	41,100	3.7
Government.....	174,600	15.1	129,900	11.7

⁽¹⁾ Totals may reflect rounding.

⁽²⁾ Represents percentage of total nonagricultural employment; reflects rounding.

Source: California Employment Development Department, Labor Market Information Division with March 2018 Benchmark.

Table 2-B
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Alameda and Contra Costa Counties and City and County of San Francisco and San Mateo County
Calendar Years 2007 and 2017
(Not Seasonally Adjusted)

	2007		2017	
	Number	Percent⁽²⁾	Number	Percent⁽²⁾
Total Nonagricultural Employment ⁽¹⁾	1,961,300	-	2,270,300	-
<i>Major Classifications</i>				
Manufacturing	134,900	6.9%	134,800	5.9%
Transportation, Warehousing and Public Utilities	70,600	3.6	84,400	3.7
Wholesale Trade.....	71,800	3.7	75,400	3.3
Retail Trade	193,800	9.9	195,600	8.6
Finance and Insurance	99,600	5.1	95,800	4.2
Real Estate, Rental, and Leasing	35,500	1.8	39,000	1.7
Information.....	66,600	3.4	104,600	4.6
Professional & Business Services.....	350,700	17.9	460,600	20.3
Educational & Health Services	251,500	12.8	327,500	14.4
Leisure & Hospitality	199,800	10.2	255,400	11.2
Other Services	69,800	3.6	81,300	3.6
Government	305,900	15.6	304,500	13.4

⁽¹⁾ Totals may reflect rounding.

⁽²⁾ Represents percentage of total nonagricultural employment; reflects rounding.

Source: California Employment Development Department, Labor Market Information Division with March 2018 Benchmark.

Total nonagricultural employment in the Alameda, Contra Costa and San Mateo Counties, and the City and County of San Francisco increased approximately 15.8% between 2007 and 2017.

As shown in Table 2-A and Table 2-B, the economy of Alameda, Contra Costa and San Mateo Counties, and the City and County of San Francisco is well diversified, with emphasis on educational and health services, professional and business services, and government.

Alameda and Contra Costa Counties. Alameda County has a diverse economic base. A large number of new jobs have been, and are expected to be, created by firms classified in the services industry, many of which will be highly skilled professional, technical, and managerial positions. Contra Costa County has one of the fastest-growing work forces among Bay Area counties, with growth in its employment base being driven primarily by the need to provide services to an increasing local population. Contra Costa County has also experienced an influx of white-collar jobs due to the relocation of companies from more expensive locations in the Bay Area.

The two largest employment sectors are professional and business services and educational and health services, which account for approximately 32.4% of total nonagricultural employment. The transportation, warehousing and public utilities sector, accompanied by both retail trade and wholesale trade categories, accounted for approximately 203,600 jobs in 2017, comprising approximately 17.6% of total nonagricultural employment. The professional and business services industry accounted for approximately 184,700 jobs for 2017, comprising approximately 15.9% of total nonagricultural employment.

San Mateo County and the City and County of San Francisco. San Mateo County and the City and County of San Francisco (the “City”) constitute a major employment center of the San Francisco Bay Area. San Mateo County and the City have the benefit of a highly skilled, professional labor force. Key industries include tourism, real estate, banking and finance, technology, retailing, apparel design, manufacturing, multimedia and bioscience.

The two largest employment sectors are professional and business services and leisure and hospitality, which account for approximately 37.4% of total nonagricultural employment. The transportation, warehousing and public utilities sector, accompanied by both retail trade and wholesale trade categories, accounted for approximately 151,800 jobs in 2017, comprising approximately 13.7% of total nonagricultural employment. The professional and business services industry accounted for approximately 275,900 jobs for 2017, comprising approximately 24.8% of total nonagricultural employment.

Table 3 shows the average annual unemployment rates for the Three BART Counties and the State of California and the United States for the calendar years 2012 through 2019.

Table 3
AVERAGE ANNUAL UNEMPLOYMENT RATES

**Alameda County, Contra Costa County, City and County of San Francisco,
State of California and the United States
Calendar Years 2012 Through 2019**

Calendar Year	Alameda County	Contra Costa County	City and County of San Francisco	State of California	United States
2012	9.0%	9.0%	7.2%	10.4%	8.1%
2013	7.4	7.4	5.7	8.9	7.4
2014	5.9	6.1	4.4	7.5	6.2
2015	4.7	5.0	3.6	6.2	5.3
2016	4.2	4.4	3.3	5.4	4.9
2017	3.9	4.1	3.0	5.2	4.7
2018	3.0	3.2	2.4	4.2	3.9
2019	3.3	3.5	2.6	4.6	3.9

Sources: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Table 4 identifies the major employers of the San Francisco Bay Area.

Table 4
MAJOR PRIVATE SECTOR EMPLOYERS
San Francisco Bay Area
As of 2019

Employer	Number of Bay Area Employees
Kaiser Permanente	46,044
Sutter Health	25,435
Stanford University	14,727
Safeway Northern California Division	14,274
Wells Fargo & Co.	14,119
Facebook Inc.	14,000
United Airlines	13,000
Genentech	11,000
Tesla Inc.	10,000
PG&E Corp.	9,680
Oracle Corp.	8,161
Salesforce	7,000
UPS	6,700
Amazon	6,600
John Muir Health	6,484
Stanford Health Care	6,250
Allied Universal	5,890
Starbucks Coffee Co.	5,692
Uber Technologies Inc.	5,500
Chevron Corp.	5,261
Bank of America	4,773
VMware Inc.	4,434
Stanford Children's Health/Lucile Packard Children's Hospital Stanford	4,300
Gap Inc.	4,050
Gilead Sciences Inc.	3,942

Source: San Francisco Business Times, 2019 *Book of Lists*.

Population and Employment Forecasts

Table 5 presents population and employment projections for the Three BART Counties prepared by the Association of Bay Area Governments ("ABAG"). ABAG projects the population of the Three BART Counties to increase to approximately 4,258,200 people by 2035, as compared with the actual population of 3,709,049 in January 2019, with most of the growth occurring in Contra Costa and Alameda counties. Employment in the Three BART Counties is projected by ABAG to increase to 2,402,160 in 2035, as compared with the actual 1,951,700 employment level as of March 2019 (the most recent data available). Most of the growth in employment is projected by ABAG to occur in the professional and managerial services and health and educational services sectors in each of the Three BART Counties. ABAG also projects the largest growth in employment will occur in San Francisco County.

Table 5
PROJECTED POPULATION AND EMPLOYMENT
Alameda and Contra Costa Counties and City and County of San Francisco
Population

County	2019⁽¹⁾ (Actual)	2035 (Projected)	% Change 2019-2035 (Projected)
Alameda	1,669,301	1,966,300	17.8%
Contra Costa	1,155,879	1,322,900	14.4
San Francisco	883,869	969,000	9.6
Three BART Counties	3,709,049	4,258,200	14.8%

County	2019⁽²⁾	2035 (Projected)	% Change 2019-2035 (Projected)
Alameda	829,100	1,039,680	25.4%
Contra Costa	550,600	555,650	0.9
San Francisco	572,000	806,830	41.1
Three BART Counties	1,951,700	2,402,160	23.1%

⁽¹⁾ As of January 1, 2019.

⁽²⁾ Preliminary data for March 2019; not seasonally adjusted.

Sources: State of California Department of Finance; State of California Employment Development Department; Association of Bay Area Governments, *Jobs-Housing Connections Strategy*.

Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the “BEA”) produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines “personal income” as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors’ income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau’s annual midyear population estimates.

Table 6 below presents the latest available total income and per capita personal income for the Three BART Counties, the State and the nation for the calendar years 2012 through 2017 (the most recent annual data available). The Three BART Counties have traditionally had per capita income levels significantly higher than those of the State and the nation.

Table 6
PERSONAL INCOME
Alameda County, Contra Costa County, City and County of San Francisco,
State of California and United States
Calendar Years 2012 through 2017

Year and Area	Personal Income (millions of dollars) ⁽¹⁾	Per Capita Personal Income (dollars)
2012		
Alameda County	\$80,530	\$51,746
Contra Costa County	66,154	61,290
San Francisco County	70,574	85,061
State of California	1,812,315	47,614
United States	13,904,485	44,266
2013		
Alameda County	85,174	53,798
Contra Costa County	66,729	60,885
San Francisco County	72,858	86,619
State of California	1,849,505	48,125
United States	14,064,468	44,438
2014		
Alameda County	90,631	56,261
Contra Costa County	70,850	63,752
San Francisco County	77,233	90,600
State of California	1,939,528	49,985
United States	14,683,147	46,049
2015		
Alameda County	104,465	63,809
Contra Costa County	77,915	69,195
San Francisco County	93,448	107,868
State of California	2,173,300	55,679
United States	15,711,634	48,940
2016		
Alameda County	111,355	67,356
Contra Costa County	82,204	72,195
San Francisco County	99,810	113,925
State of California	2,259,414	57,497
United States	16,115,630	49,831
2017		
Alameda County	118,555	71,282
Contra Costa County	87,810	76,527
San Francisco County	106,007	119,868
State of California	2,364,129	59,796
United States	16,820,250	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

⁽¹⁾ Numbers reflect rounding.

Table 7 shows the total dollar volume of sales and other taxable transactions (which correlate with sales tax receipts) in the Three BART Counties for calendar years 2011 through 2017 (the most recent data available).

Table 7
HISTORICAL TAXABLE TRANSACTIONS
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Years 2011 Through 2017
(\$ in thousands)

Fiscal Year	Alameda County	Contra Costa County	San Francisco County	Total Three BART Counties	Percentage Change
2011	\$23,430,799	\$12,799,857	\$14,890,527	\$51,121,183	8.9%
2012	25,181,571	13,997,249	15,953,605	55,132,425	7.8
2013	26,624,571	14,471,988	17,094,163	58,190,722	5.5
2014	28,377,714	15,030,047	18,469,729	61,877,490	6.3
2015	29,770,157	15,670,053	18,871,834	64,312,044	3.9
2016	30,958,479	15,924,591	19,397,302	66,280,372	3.0
2017	32,476,173	16,558,840	19,432,757	68,467,770	3.3

Sources: California State Board of Equalization, 2011-2016 Annual Reports; California Department of Tax and Fee Administration, 2017 Annual Report.

Table 8 shows taxable transactions by type of business for the Three BART Counties for the year ended December 31, 2017 (the most recent annual data available).

Table 8
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
Alameda and Contra Costa Counties and the City and County of San Francisco
For Calendar Year 2017
(\$ in thousands)

Type of Business	Alameda County	Contra Costa County	City and County of San Francisco
<i>Retail and Food Services</i>			
Motor Vehicle and Parts Dealers	4,565,390	2,466,061	628,666
Home Furnishings and Appliance Stores	1,318,289	710,526	916,777
Building Material and Garden Equipment and Supplies Dealers	1,810,222	1,159,632	605,711
Food and Beverage Stores	1,243,767	894,222	863,215
Gasoline Stations	1,853,251	1,409,204	490,255
Clothing and Clothing Accessories Stores	1,723,977	956,380	2,056,070
General Merchandise Stores	1,747,607	1,820,986	1,453,078
Food Services and Drinking Places	3,212,759	3,382,621	1,786,381
Other Retail Group	2,842,747	1,467,380	2,373,519
<i>Total Retail and Food Services⁽¹⁾</i>	20,561,252	12,302,863	13,451,392
<i>All Other Outlets⁽¹⁾</i>	11,914,922	4,255,978	5,981,365
<i>Total All Outlets⁽¹⁾</i>	32,476,174	16,558,840	19,432,757

⁽¹⁾ Totals may reflect rounding.

Source: California Department of Tax and Fee Administration.

Table 9 shows a comparison of taxable transactions among several large northern and southern California counties (including the Three BART Counties) and state-wide over the calendar years 2012 through 2017 (the most recent annual data available).

Table 9
COMPARISON OF TAXABLE TRANSACTIONS TRENDS
FOR MAJOR CALIFORNIA COUNTIES
Calendar Years 2012 Through 2017
(\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>% Change (2012-2017)</u>
Three BART Northern Counties							
Alameda	\$25,181,571	\$26,624,571	\$28,377,714	\$29,770,157	\$30,958,479	\$32,476,173	29.0%
Contra Costa	13,997,249	14,471,988	15,030,047	15,670,053	15,924,591	16,558,840	18.3
San Francisco	14,890,527	17,094,163	18,469,729	18,871,834	19,397,302	19,432,757	30.5
Total Three BART Counties	\$54,069,347	\$58,190,722	\$61,877,490	\$64,312,044	\$66,280,372	\$68,467,770	26.6
Other Northern Counties							
Sacramento	\$19,089,848	\$20,097,095	\$21,061,901	\$22,043,196	\$23,184,499	\$24,405,148	21.4%
San Mateo	13,906,978	14,611,618	15,298,434	15,487,010	15,658,573	16,552,583	12.6
Santa Clara	36,220,445	37,621,606	39,628,655	41,231,759	41,831,668	42,805,399	15.5
Southern Counties							
Los Angeles	\$135,295,582	\$140,079,708	\$147,446,927	\$151,033,781	\$154,208,333	\$159,259,356	17.7%
Orange	55,230,612	57,591,217	60,097,128	61,358,087	62,511,421	64,551,423	16.9
Riverside	28,096,009	30,065,467	32,035,687	32,910,910	34,231,143	36,132,813	28.6
San Bernardino	29,531,921	31,177,823	33,055,967	35,338,556	36,981,693	38,137,915	29.1
San Diego	47,947,035	50,297,331	52,711,639	54,185,588	55,407,866	56,993,548	18.9
Ventura	11,958,260	12,824,296	13,366,628	13,784,346	13,745,950	13,901,215	16.3
Statewide	\$558,387,250	\$586,839,618	\$615,821,874	\$633,941,952	\$649,079,371	\$672,486,581	20.4%

Sources: California State Board of Equalization, 2011-2016 Annual Reports; California Department of Tax and Fee Administration, 2017 Annual Report.

APPENDIX E

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix E concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from sources that the San Francisco Bay Area Rapid Transit District (the “District”) believes to be reliable, but neither the District nor the Underwriters takes any responsibility for the accuracy thereof. The District and the Underwriters cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (all as defined below): (a) payments of principal of, premium if any, and interest on (“Debt Service”) the 2019 Bonds; (b) confirmations of ownership interest in the 2019 Bonds; or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2019 Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Direct Participants and Indirect Participants are on file with DTC.

None of the District, the Underwriters nor the Trustee will have any responsibility or obligations to DTC, the Direct Participants, the Indirect Participants of DTC or the Beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any Beneficial Owner in respect of the Debt Service on the 2019 Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the applicable Trust Agreement; or (4) any consent given or other action taken by DTC as registered owner of the 2019 Bonds.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s

rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District or to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing

instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the 2019 Bonds, the provisions of the applicable Trust Agreement relating to place of payment, transfer and exchange of the 2019 Bonds, regulations with respect to exchanges and transfers, bond register, 2019 Bonds mutilated, destroyed or stolen, and evidence of signatures of Bond Owners and ownership of 2019 Bonds will govern the payment, registration, transfer, exchange and replacement of the 2019 Bonds. Interested persons should contact the District for further information regarding such provisions of the applicable Trust Agreement.

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Francisco Bay Area Rapid Transit District (the “Issuer”) and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$_____ aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2016), 2019 Series B-1 (Green Bonds) and 2019 Series B-2 (Federally Taxable) (Green Bonds) (together, the “2019B Bonds”) and \$_____ aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2019 Series F-1 (Green Bonds) and 2019 Series F-2 (Federally Taxable) (Green Bonds) (together, the “2019F Bonds” and, together with the 2019B Bonds, the “2019 Bonds”). The 2019B Bonds are being issued pursuant to Resolution No. [____], adopted by the Board of Directors of the Issuer on [June 27, 2019], and according to the terms and in the manner set forth in the Trust Agreement, dated as of June 1, 2017, as supplemented by the First Supplemental Trust Agreement, dated as of [August 1, 2019] (as supplemented, the “Measure RR Trust Agreement”). The 2019F Bonds are being issued pursuant to Resolution No. [____], adopted by the Board of Directors of the Issuer on [June 27, 2019], and according to the terms and in the manner set forth in the Trust Agreement, dated as of June 1, 2017, as supplemented by the First Supplemental Trust Agreement, dated as of [August 1, 2019] (as supplemented, the “Measure AA Trust Agreement” and, together with the Measure RR Trust Agreement, the “Trust Agreement”), each between the Issuer and the Trustee. The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and the Beneficial Owners (as hereinafter defined) of the 2019 Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the applicable Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement and not otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2019 Bonds (including persons holding 2019 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Controller/Treasurer of the Issuer or his designee, or such other officer or employee of the Issuer as the Controller/Treasurer of the Issuer shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any 2019 Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the 2019 Bonds required to comply with the Rule in connection with offering of the 2019 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission or any successor agency thereto.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Issuer’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the Issuer ending June 30, 2019, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Trustee nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, dated _____, 2019, relating to the 2019 Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when such audited financial statements become available.

(b) An update (as of the most recently ended fiscal year of the Issuer) for the table set forth in the Official Statement under the caption "Debt Service Schedule" and an update for the tables entitled "San Francisco Bay Area Rapid Transit District Assessed Valuation" and "San Francisco Bay Area Rapid Transit District Secured Tax Charges and Delinquencies," each set forth in the Official Statement under the caption "Security and Source of Payment for the 2019 Bonds."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2019 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person;

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2019 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2019 Bonds or other material events affecting the tax status of the 2019 Bonds;
2. Modifications to rights of bond holders;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution, or sale of property securing repayment of the 2019 Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws.

(e) If the Issuer learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within ten business days of the occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2019 Bonds pursuant to the Resolution.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2019 Bonds, or the type of business conducted;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the 2019 Bonds in the same manner as provided in the applicable Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding 2019 Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys, or any Owner or Beneficial Owner of the 2019 Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the applicable Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the applicable Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the applicable Trust Agreement and the Trustee and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee and their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to

time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the 2019 Bonds. The Dissemination Agent has no power to enforce performance on the part of the Issuer under this Disclosure Agreement.

The Dissemination Agent agrees to accept and act upon instructions or directions pursuant to this Disclosure Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Dissemination Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Dissemination Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Dissemination Agent acts upon such instructions, the Dissemination Agent's understanding of such instructions shall be deemed controlling. The Dissemination Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Dissemination Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Dissemination Agent, including without limitation the risk of the Dissemination Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Dissemination Agent and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

- (i) If to the Issuer:
San Francisco Bay Area Rapid Transit District
300 Lakeside Drive
Oakland, California 94612-3534
Attention: Controller/Treasurer
Telephone: (510) 464-6070
Fax: (510) 464-6011
- (ii) If to the Dissemination Agent:
U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services
Telephone: (415) 677-3596
Fax: (415) 677-3769

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices may also be given by electronic means.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2019 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed under the laws of the State of California.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2019.

SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT

By _____
Controller/Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By _____
Authorized Officer

Exhibit A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Francisco Bay Area Rapid Transit District

Name of Bond Issue: San Francisco Bay Area Rapid Transit District General
Obligation Bonds (Election of 2016), 2019 Series B-1
(Green Bonds)
San Francisco Bay Area Rapid Transit District General
Obligation Bonds (Election of 2016), 2019 Series B-2
(Federally Taxable) (Green Bonds)
San Francisco Bay Area Rapid Transit District General
Obligation Bonds (Election of 2004), 2019 Series F-1
(Green Bonds)
San Francisco Bay Area Rapid Transit District General
Obligation Bonds (Election of 2016), 2019 Series F-2
(Federally Taxable) (Green Bonds)

Date of Issuance of Bonds: _____, 2019

NOTICE IS HEREBY GIVEN that the San Francisco Bay Area Rapid Transit District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated _____, 2019, between the Issuer and U.S. Bank National Association, as dissemination agent. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent on behalf of the San
Francisco Bay Area Rapid Transit District

cc: Issuer

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[To Come]

APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS

[To Come]