

**BOARD OF DIRECTORS OF THE  
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

Resolution No. 5321

RESOLUTION CALLING A SPECIAL DISTRICT BOND ELECTION FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED VOTERS OF THE DISTRICT THE PROPOSITION OF INCURRING BONDED INDEBTEDNESS TO ACQUIRE AND IMPROVE AND REPLACE BART FACILITIES, FIXING THE DATE OF SAID ELECTION, THE MANNER OF HOLDING THE SAME, PROVIDING FOR NOTICE THEREOF, AND CONSOLIDATING SAID DISTRICT BOND ELECTION WITH THE STATE OF CALIFORNIA GENERAL ELECTION TO BE HELD ON NOVEMBER 8, 2016, AUTHORIZING PREPARATION AND FILING OF A TAX RATE STATEMENT TO BE PUBLISHED IN CONNECTION WITH SAID ELECTION, AND AUTHORIZING BOARD MEMBERS TO FILE A BALLOT ARGUMENT IN SUPPORT OF SUCH BOND MEASURE

**WHEREAS**, the Board of Directors (The "Board" of San Francisco Bay Area Rapid Transit District (the "District" or "BART") heretofore developed reports the ("Original Reports") pursuant to Section 29152 of the Public Utilities Code of the State of California (the "Public Utilities Code") which contained general plans, estimates and general specifications pertaining to the construction of the BART system; and

**WHEREAS**, the Boards of Supervisors of each of the County of Alameda, the County of Contra Costa, and the City and County of San Francisco approved by a resolution adopted by a majority vote the Original Reports; and

**WHEREAS**, the District heretofore called a special election and submitted to the qualified voters of the District a proposition to incur bonded indebtedness for the acquisition and construction of rapid transit facilities by the District as described in the Original Reports; and

**WHEREAS**, the District has heretofore issued all of its first authorized issue of bonds; and

**WHEREAS**, subsequent to its first authorized issue of bonds, the District found and determined that the bonded indebtedness then authorized and issued was insufficient to cover all costs of the acquisition and construction of its facilities, and, on November 2, 2004, voters in the District approved a bond measure (known as "Proposition AA") authorizing an additional \$980 million of bonds to improve seismic safety; and

**WHEREAS**, pursuant to Section 29157 of the Public Utilities Code, it appears to the board that the bonded indebtedness heretofore authorized and issued is insufficient to cover all costs of the acquisition and construction of its facilities, and the board now wishes to make an order determining the amount of bonds that should be issued in order to raise the additional funds necessary for the completion of such facilities; and

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
CERTIFIED A TRUE COPY**

  
**KENNETH A. DURON, DISTRICT SECRETARY**

**WHEREAS**, the BART has heretofore developed the BART System Renewal Program (the "Safety, Reliability, and Traffic Relief Program") to invest in the renewal of the BART system by improving safety and access, repairing and replacing critical infrastructure, and increasing capacity, and the District has duly employed engineers, economists, fiscal experts and others deemed necessary to develop general plans, estimates and general specifications pertaining to the projects for which a bond issue is proposed, as hereinafter set forth, sufficient in the opinion of this Board to enable this Board to determine the feasibility of such projects;

**WHEREAS**, said engineers, economists, fiscal experts and others have made a report entitled "BART Safety, Reliability, and Traffic Relief Engineer's Report" (the "Engineer's Report") and a report entitled "BART System Renewal Program Plan 2016" (the "System Renewal Plan," and together with the Engineer's Report, the "Bond Program Report") to the District in time, form and manner required by law, and this Board hereby determines and declares that the proposed Safety, Reliability, and Traffic Relief Program as specified in the Bond Program Report is feasible and that the Safety, Reliability, and Traffic Relief Program as outlined in the Bond Program Report is necessary;

**WHEREAS**, this Board desires pursuant to Section 29157.1 of the Public Utilities Code to duly determine the amount of bonds which should be issued in order to raise the amount of money necessary for the Program specified in the Bond Program Report and as otherwise provided by law and pursuant to Section 29158 of the Public Utilities Code to call a special election and submit to the qualified voters of the District the proposition of incurring such bonded indebtedness;

**WHEREAS**, this Board desires that the special district election hereinafter provided for shall be consolidated with the State of California general election to be held in the State and in the District on November 8, 2016, and desires to take all steps necessary for the purpose of effecting such consolidation;

**WHEREAS**, Section 9400 et seq. of the Elections Code of the State of California (the "Elections Code") requires that a tax rate statement be contained in all official publications and ballot pamphlets prepared, sponsored or published by the District which relate to said election;

**WHEREAS**, this Board now desires to authorize the filing of a ballot argument in favor of the proposition to be submitted to the voters at said election;

**WHEREAS**, if the electors approve the bond proposition, this Board desires to establish an independent citizens' oversight committee to review and report to the public expenditures of the bond proceeds; and

**WHEREAS**, all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the calling and holding of said special district bond election hereinafter provided for have existed, happened and been performed in due time, form and manner as required by law, and this Board is now duly empowered to call said special district bond election in all respects, as hereinafter set forth;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT, AS FOLLOWS:**

Section 1. A special district bond election is hereby ordered and will be held in the District on Tuesday, November 8, 2016, at which election shall be submitted to the qualified electors of the District the question of incurring a bonded indebtedness of the District for the objects and purposes set forth in the following measure:

Measure [ ] (*Measure Designation to be assigned by the County*) **BART Safety, Reliability and Traffic Relief.** 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 the acquisition or improvement of real property subject to independent oversight and annual audits?

Said measure shall be set forth on the ballots to be used at said special bond election within the District in substantially the form hereinabove set forth. Pursuant to Section 29169 of the Public Utilities Code and Section 1 of Article XIII A of the Constitution of the State of California, the above proposition shall become effective only upon the affirmative vote of two-thirds of those electors voting on the measure.

Section 2. The Board hereby determines and declares that the proposed plan of work for the Safety, Reliability, and Traffic Relief Program in the Bond Program Report is feasible and the Safety, Reliability, and Traffic Relief Program as set forth in the Bond Program Report is necessary. The estimated cost of the proposed Safety, Reliability, and Traffic Relief Program in the Bond Program Report is \$3.5 billion. Said estimate includes planning, design, engineering, acquisition, construction and improvement costs for the Safety, Reliability, and Traffic Relief Program, which includes improvements to train tracks, power systems, tunnels and structures, mechanical systems, train control systems, repair and maintenance facilities, and BART stations.

Section 3. The maximum amount of the principal of the bonds that the Board hereby orders should be issued to raise the amount of money necessary for said Program as set forth in the foregoing measure is \$3.5 billion, which amount is estimated to be required to finance the Safety, Reliability, and Traffic Relief Program in the Bond Program Report, including sufficient funds to cover the cost of inspection of works in course of construction and the costs of issuing the bonds.

Section 4. The maximum term that the bonds proposed to be issued shall run before maturity is forty years, providing that the bonds of said authorized issue may be divided into two or more series or divisions, and the last date of maturity of any such series of bonds may be fixed at any date or dates up to but not exceeding forty years after the date of the bonds of that series. The District may fix different dates for the bonds of each series, and the bonds of any series may be made to mature and become payable at different times from those of any other series, provided (i) that said maximum maturity above specified shall be calculated from the date

on the face of each bond, separately, irrespective of the fact that different dates may be prescribed for the bonds of each separate series or division of said authorized issue and (ii) that the maturity dates of each separate series or division shall comply with the provisions of law.

Section 5. The interest rate on each series of bonds will be determined upon the sale thereof and shall not exceed a maximum rate of interest of 12% per annum, the maximum rate permitted by law.

Section 6. Interest to be paid upon said bonds during the estimated period of construction of the works of the District (and for three years thereafter or less) shall be a capital charge and may be payable out of the principal sum realized from the sale of the bonds in an aggregate amount not to exceed \$100,000,000 exclusive of premium generated by the sale of the bonds and deposited in the debt service fund. Such interest not so paid from bond proceeds shall be paid by the levy and collection of taxes in the manner and to the extent provided by law.

Section 7. The proceeds of the bonds shall be deposited in a special account created by the District and applied to the specific purposes set forth in the Measure (as specified in Section 1 hereof), and the District shall prepare an annual report on the expenditure of the proceeds and the projects funded thereby all pursuant to Government Code Section 53411.

Section 8. The estimate of the taxes required to be levied for all District purposes for the fiscal years 2017-18 to 2065-66, the sources from which such taxes shall be obtained, and the portion or amount to be derived from each source are set forth in Exhibit A attached hereto.

(a) The foregoing estimate of taxes is based upon the District's contemplated program of financing, which may be modified to conform to construction, marketing and financial conditions existing in the future. The actual tax levy in each year will vary, depending upon the then requirements for bond principal, interest, sinking fund payments, the then assessed values of taxable property in each county comprising the District, market interest rates at the time of each issuance, and the District's credit rating at the time of each issuance.

(b) The source from which such taxes shall be obtained is the net amount derived from the levy and collection of taxes upon all taxable property in the District based upon the equalized assessment roll of each county in which the District is situated. The District is not now authorized to levy income taxes or other similar types of taxes, other than transactions and use taxes, for the payment of its general obligation bonded indebtedness or administrative and general expenses.

(c) The proportion or amount of such taxes to be derived from the sources above stated are as follows:

(i) Annual tax levy for bond principal and interest and for sinking funds -- The law requires that the Board shall, at the time of fixing the general tax levy and in the manner provided for the general tax levy, levy and collect annually until the general obligation bonds of the District are paid, or until there is a sum in the treasury of the District set apart for that purpose to meet all sums coming due for principal and interest on the bonds as they become due and payable, a tax sufficient to pay the annual interest on the bonds and such part of the principal thereof, including any sinking fund

installments required by any of the District's agreements with its bondholders, as becomes due before the proceeds of a tax levied at the next general tax levy will be available for such purposes. The taxes required to be levied and collected on account of interest, principal, and sinking fund of general obligation bonds of the District shall be in addition to all other taxes levied for District purposes, and shall be collected at the time and in the same manner as other district property taxes are collected, and be used for no other purpose than the payment of the bonds and accruing interest. The District shall provide for the payment of the principal of and interest on the bonds by the levy and collection of taxes upon all property in the District subject to taxation by the District without limitation of rate or amount as provided by law, except that such taxes need not be levied to the extent that the District deposits in the treasury set apart for that purpose moneys derived from surplus revenues or any appropriations which may be made to it for that purpose or from any other funds howsoever derived.

(ii) Annual tax levy for administrative and general expense -- Following the adoption of Proposition 13 by the voters and the passage of implementing legislation, the District receives a small portion of the constitutionally limited 1% county-wide general tax levy in each of the three BART Counties for administrative and general expense and has no authority to increase such amount. The amount of the District's portion of such 1% levy for the 2015-16 fiscal year was approximately \$37,400,000.

(iii) The District levies a 1/2¢ transactions and use tax, 3/4<sup>th</sup> of the revenues of which are allocated to the District and 1/4<sup>th</sup> of which is allocated to the Metropolitan Transportation Commission. Revenues from such tax are pledged to secure sales tax revenue bonds of the District and are used to pay general operating and capital costs of the District.

Section 9. This Board does hereby submit to the qualified electors of the District at said special district bond election the measure of incurring bonded indebtedness set forth in Section 1 hereof, and hereby designates and refers to said measure as that measure to be set forth on the ballots as herein prescribed for use at said election:

(a) Said special district bond election shall be held and conducted and the votes thereat canvassed and the returns thereof made and the result thereof ascertained and determined, as herein provided; and in all particulars not prescribed by this resolution said special district bond election shall be held as provided by law.

(b) All residents of the City and County of San Francisco, the County of Alameda and the County of Contra Costa, respectively, who are qualified electors possessing the qualifications prescribed by the general election laws of the State of California shall be entitled to vote at said special district bond election. Whether a resident of the District is a qualified elector within the District shall be conclusively determined by the register of voters of the City and County of San Francisco, the County of Alameda and the County of Contra Costa, respectively, in which said election is held.

(c) Said special district bond election hereby called shall be consolidated and the Board of Supervisors of the City and County of San Francisco, the Board of Supervisors of the

County of Alameda and the Board of Supervisors of the County of Contra Costa are hereby each requested to order the consolidation of said special district bond election with the State of California general election to be held in said State and in said District on November 8, 2016, all as required by and pursuant to law, and the election precincts, polling places and officers of election within the District for said special district bond election shall be the same as those selected and designated by the Registrar of Voters or the Board of Supervisors, as appropriate, of the City and County of San Francisco, the County of Alameda and the County of Contra Costa, respectively, for said State of California general election, and reference is hereby made to said State of California general election for the designation of the precincts, polling places and election officers for said special district bond election hereby called.

(d) The hours during which the polls shall be kept open in the City and County of San Francisco, the County of Alameda and the County of Contra Costa (collectively, the "Counties" and each a "County"), respectively, shall be the same as those provided for the State of California general election to be held on November 8, 2016 in each of the Counties, respectively, being the election with which the election called pursuant to this resolution is consolidated, and the manner of voting for and against the incurring of such indebtedness shall be as provided for in the ballots in such general election. The Registrar of Voters or the Board of Supervisors, as appropriate, of the City and County of San Francisco, the County of Alameda and the County of Contra Costa, respectively, are and each of them is authorized to canvass, or cause to be canvassed as provided by law (including the provisions of Section 10411 of the Election Code), the returns of said special district bond election with respect to the votes cast in each of the Counties, respectively, and to certify the result to this Board in all respects as provided by law, and upon the certification of such results to this Board, this Board shall cause to be spread upon its minutes a statement of the results of said special district bond election as ascertained by such canvass.

(e) The acquisition or improvement of real property to be undertaken with the proceeds of the bonds is assumed to include the costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual audits, and other incidental or necessary costs. The District shall reimburse itself for all costs incurred in connection with the calling and conduct of the special district bond election and any other costs permitted by law from proceeds of the bonds when issued.

Section 10. Notice of said special district bond election shall be given by publication of the text of this resolution calling such election together with, in each case, a form of notice of election substantially as set forth in Section 29163 of the Public Utilities Code. Such notice, together with the text of this resolution, shall be published once a week in each calendar week for two successive calendar weeks, at any time prior to said election (the first publication to be not less than twenty (20) or more than ninety (90) days prior to the date fixed for such special election), in the following newspapers of general circulation, hereby designated by this Board, which are printed and published in each County within the District, as follows:

Alameda County – East Bay Times

Contra Costa County – East Bay Times

City and County of San Francisco – San Francisco Chronicle

No other notice of the election hereby called need be given. The Secretary is hereby directed to cause such notice and the text of this resolution to be published as hereinabove provided.

Section 11. (a) Upon approval of the bond proposition by the voters, the Board shall establish a Bond Oversight Committee (the "Committee") who represent a diversity of expertise, geography and demographic characteristics. Committee members shall consist of seven members and be appointed for two year terms and be eligible to serve for up to 6 years in total and are appointed as follows:

(b) The BART Board of Directors (the "Board") shall appoint:

(i) One member nominated by the American Society of Civil Engineers, or its successor organization, who has expertise in civil engineering management and oversight;

(ii) One member nominated by the American Institute of Electrical Engineers, or its successor organization, who has expertise in electrical engineering management and oversight;

(iii) One member nominated by the American Institute of Certified Public Accountants, or its successor organization, who has expertise in audit or financial oversight;

(iv) One member nominated by the Association for Budgeting & Financial Management section of the American Society for Public Administration, or its successor section or organization, who has expertise in municipal finance;

(v) One member nominated by the Project Management Institute, or its successor organization, who has expertise in construction project management;

(vi) Two members nominated by the League of Women Voters, Bay Area, or its successor organization or chapter; provided that the Board may designate alternative professional organizations other than those set forth above from which to request nominations of members to serve on the Committee.

(c) Committee members shall:

(i) Not be a District employee or official, or be an owner, employee or consultant to a District contractor;

(ii) Not participate or interfere in the selection process of any vendor hired to execute bond funded projects;

(iii) Be required to sign a conflict of interest statement and to disclose any potential conflicts that may arise in the course of their service.

(d) The Committee shall provide diligent, independent and public oversight over the expenditure of funds from the sale of District general obligation bonds.

(e) The Committee shall be staffed by the Controller/Treasurer's Office.

(f) The Committee shall report directly to the public. The Committee shall focus its oversight on:

(i) Assessing how bond proceeds are spent to ensure that all spending is authorized by the ballot measure;

(ii) Assessing whether projects funded by bond proceeds are completed in a timely, cost-effective and quality manner consistent with the best interests of BART riders and District residents.

(g) The Committee is also charged with the responsibility of communicating its findings and recommendations to the District and the public.

(h) If the projects funded by bond proceeds are not being completed in a timely, cost-effective, and quality manner, the Committee may identify the reasons why and make suggestions in writing to the Board and District Staff for improvements.

(i) The Committee shall publish an annual report, which shall include the following:

(i) A detailed account of the Committee's activities, including its expenditures;

(ii) A detailed breakdown on the uses of bond funds in the previous year, and a confirmation that they were expended legally. The breakdown shall include an estimate of the impact to the BART system and to BART riders of the projects, including any consequences of construction;

(iii) A detailed breakdown of the anticipated use of bond funds already received by the District to be used in the following years to be provided by BART staff to the Committee. The breakdown provided by BART staff shall include an estimate of the impact to the BART system and to BART riders of the projects, including any consequences of construction;

(iv) A detailed progress report on the projects funded by bond expenditures. The progress report shall include whether the projects are progressing on time, on budget, and in accordance with the District's quality and sustainability standards. The report shall lay out the original and current estimates for cost and completion, and explicitly highlight any significant variances or risk or significant future variances compared to estimates of the budget, timeliness or scope;

(v) A report on any suggestions made by the Committee in the previous year, and whether previous suggestions have been adopted;

(vi) A report on the results of any financial or performance audits, relevant to the Bond and the Committee's work, performed by the District during the previous year.

(j) The Committee may be disbanded when all bond funds are spent.

Section 12. The Secretary of the District is hereby directed to deliver, no later than August 12, 2016 (which date is not fewer than 88 days prior to the date set for the election), a copy of this resolution and order to the Registrar of Voters of each County, and shall file a copy of this resolution and order with the Clerk of the Board of Supervisors of each County and the Registrar of Voters of each County.

Section 13. Pursuant to Resolution no. 5208 (the "Fare Increase Resolution") of this Board, adopted February 28, 2013, this Board extended the District's productivity-adjusted inflation-based fare increase program (the "Fare Increase Program") to raise fares in January of 2014, 2016, 2018, and 2020. The Fare Increase Program was then estimated to generate approximately \$325 million in additional fare revenue for capital renovation projects over the eight year period beginning in 2014 and ending in 2022. The District hereby reconfirms its intention to use such additional fare revenue generated in the period beginning in 2014 and ending in 2022 by the District's productivity-adjusted inflation-based fare increase program (as such program is set forth in Exhibit A to the Fare Increase Resolution) for capital renovation projects; provided that such revenue is not reduced by unforeseen economic circumstances or decreased ridership or is required to address costs in the event of a natural disaster.

Section 14. (a) The Controller/Treasurer of the District is hereby authorized to prepare a tax rate statement (the "Tax Rate Statement") conforming to the requirements of Section 9401 of the Elections Code, and to file said Tax Rate Statement with the Registrar of Voters of each County.

(b) The Registrar of Voters of each County is hereby requested to include the Tax Rate Statement in all official publications or postings pertaining to the Election, pursuant to the terms of Section 9402 of the Elections Code.

Section 15. The members of the Board are hereby authorized, but not directed, to prepare and file with the Registrar of Voters of each County a ballot argument in favor of the proposition contained in Section 1 hereof, within the time established by the Registrar of Voters of each County.

Section 16. This resolution, being a resolution relating to an election, shall take effect immediately upon adoption.

**PASSED AND ADOPTED** this 9th day of June, 2016, by the following vote:

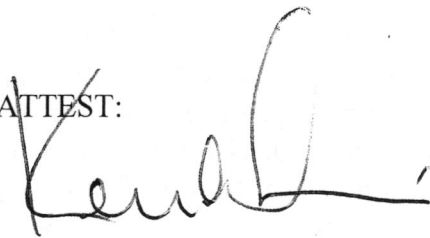
AYES: 9

NOES: 0

ABSTAIN: 0

ABSENT: 0

ATTEST:

A handwritten signature in black ink, appearing to be "Kenah", written over the word "ATTEST:".

Secretary

A handwritten signature in black ink that reads "Tom Radulovic".

President

# EXHIBIT A

## ESTIMATE OF DISTRICT TAXES (all figures in \$ '000s)

Fiscal Year	Current Earthquake Safety Debt Service	2018 Proposed Remaining Earthquake Safety Debt Service	Proposed 3.5b BART Bond Debt Service	Administrative and General Expenses Paid from Ad Valorem Taxes	General Expenses and Capital Costs Paid from Transactions and Use Taxes	Existing Bond Debt Paid from Transactions And Use Taxes	Total Annual Cost Paid from Taxes
2018	\$50,378		\$13,010	\$39,724	\$256,690	\$53,026	\$412,828
2019	50,374	\$15,883	13,010	40,916	264,391	53,175	437,748
2020	50,378	15,882	28,188	42,143	272,322	53,346	462,259
2021	49,964	15,885	28,192	43,408	280,492	53,495	471,435
2022	42,414	15,883	45,537	44,710	288,907	53,642	491,092
2023	42,412	15,882	45,534	46,051	297,574	53,829	501,283
2024	42,411	15,885	65,053	47,433	306,501	54,002	531,285
2025	42,411	15,881	65,051	48,856	315,696	54,235	542,130
2026	42,414	15,885	86,738	50,321	325,167	54,355	574,880
2027	42,413	15,885	86,731	51,831	334,922	54,554	586,337
2028	42,412	15,883	110,593	53,386	344,970	54,758	622,002
2029	42,412	15,883	110,598	54,987	355,319	29,736	608,935
2030	42,406	15,884	136,607	56,637	365,978	29,924	647,435
2031	42,410	15,884	136,606	58,336	376,958	30,138	660,332
2032	42,411	15,883	164,799	60,086	388,267	30,351	701,796
2033	42,414	15,884	164,806	61,889	399,914	30,579	715,486
2034	42,413	15,885	195,160	63,745	411,912	27,225	756,341
2035	42,411	15,881	195,158	65,658	424,269	22,148	765,526
2036	45,448	15,885	227,680	67,628	436,997	22,305	815,943
2037	45,445	15,884	227,672	69,656	450,107	6,445	815,209
2038		15,882	227,673	71,746	463,611	6,445	785,356
2039		15,883	227,673	73,898	477,519	6,446	801,419
2040		15,885	227,676	76,115	491,844	6,448	817,968
2041		15,883	227,687	78,399	506,600	6,444	835,012
2042		15,886	227,678	80,751	521,798	6,445	852,557
2043		15,886	227,679	83,173	537,452		864,190
2044		15,883	227,677	85,669	553,575		882,804
2045		15,886	227,689	88,239	570,182		901,996
2046		15,883	227,680	90,886	587,288		921,736
2047		15,882	227,672	93,612	604,907		942,072
2048		15,881	214,674	96,421	623,054		950,030
2049			214,665	99,313	641,745		955,724
2050			199,487	102,293	660,998		962,777
2051			199,491	105,362	680,828		985,680
2052			182,145	108,522	701,252		991,920
2053			182,146	111,778	722,290		1,016,214
2054			162,627	115,131	743,959		1,021,717
2055			162,630	118,585	766,278		1,047,493
2056			140,942	122,143	789,266		1,052,351
2057			140,938	125,807	812,944		1,079,688
2058			117,092	129,581	837,332		1,084,005
2059			117,089	133,469	862,452		1,113,010
2060			91,072	137,473	888,326		1,116,871
2061			91,072	141,597	914,975		1,147,644
2062			62,884	145,845	942,425		1,151,153
2063			62,879	150,220	970,697		1,183,797
2064			32,524	154,727	999,818		1,187,069
2065			32,524	159,369	1,029,813		1,221,705
TOTAL	\$885,751	\$476,508	\$6,830,382	\$4,147,525	\$26,800,580	\$853,495	\$39,994,241