

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:

Moody's: Aaa
S&P: AAA
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 2013C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the 2013C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2013C Bonds. See "Tax Matters" herein.



\$240,000,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2004), 2013 SERIES C

Dated: Date of Delivery

Due: August 1, as shown below

The San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2013 Series C (the "2013C 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 2013C 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 2013C Bonds will not receive bonds representing their beneficial ownership in the 2013C Bonds but will receive a credit balance on the books of their respective DTC Direct Participants or DTC Indirect Participants. The 2013C Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein.

Interest on the 2013C Bonds, which is payable on February 1 and August 1 of each year, commencing February 1, 2014, and principal on the 2013C Bonds is payable by The Bank of New York Mellon Trust Company, N.A., as paying agent, to Cede & Co., and such interest and principal payments are to be disbursed to the beneficial owners of the 2013C Bonds through their respective DTC Direct Participants or DTC Indirect Participants.

The 2013C Bonds are general obligations of the San Francisco Bay Area Rapid Transit District (the "District"), payable from and secured solely by *ad valorem* taxes 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 are pledged to the payment of the 2013C Bonds.

The 2013C 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.

MATURITY SCHEDULE
\$219,875,000 SERIAL BONDS

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (Base: 797661)†</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (Base: 797661)†</u>
2014	\$14,455,000	2.00%	0.14%	TP0	2023	\$8,900,000	5.00%	2.61%	UQ6
2017	11,815,000	3.00	0.72%	TQ8	2024	1,305,000	4.00	2.85% ^C	TX3
2017	8,000,000	5.00	0.72%	UJ2	2024	9,335,000	5.00	2.80% ^C	UR4
2018	10,050,000	3.00	1.03%	TR6	2025	2,480,000	3.00	3.11%	TY1
2018	8,000,000	5.00	1.03%	UK9	2025	7,940,000	5.00	2.96% ^C	US2
2019	10,100,000	4.00	1.44%	TS4	2026	10,125,000	5.00	3.11% ^C	TZ8
2019	8,000,000	5.00	1.44%	UL7	2027	9,840,000	5.00	3.24% ^C	UA1
2020	10,185,000	4.00	1.81%	TT2	2028	9,500,000	5.00	3.39% ^C	UB9
2020	8,000,000	5.00	1.81%	UM5	2029	9,115,000	5.00	3.53% ^C	UC7
2021	9,010,000	4.00	2.16%	TU9	2030	8,675,000	5.00	3.66% ^C	UD5
2021	9,355,000	5.00	2.16%	UN3	2031	8,175,000	5.00	3.75% ^C	UE3
2022	2,985,000	4.00	2.38%	TV7	2032	7,615,000	5.00	3.84% ^C	UF0
2022	8,000,000	5.00	2.38%	UP8	2033	1,155,000	4.00	4.10%	UG8
2023	1,925,000	4.00	2.61%	TW5	2033	5,835,000	5.00	3.90% ^C	UT0

\$20,125,000 5.00% Term Bonds due August 1, 2037 to Yield 4.07%^C CUSIP†: 797661UH6

The 2013C Bonds are offered when, as and if issued and received by the Underwriters, subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond and Disclosure Counsel to the District, and certain other matters. Certain legal matters will be passed upon for

^C Yield computed to first optional redemption date of August 1, 2023 at 100%.

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the Underwriters by their counsel, Curis Bartling P.C., and for the District by its General Counsel. The 2013C Bonds are expected to be delivered through DTC on or about November 21, 2013.

J.P. Morgan

Cabrera Capital Markets, LLC

Dated: November 5, 2013.

[TO BE INSERTED AT PRINTER – CURRENT SYSTEM MAP]

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**300 Lakeside Drive, 23rd Floor
Oakland, California 94612
(510) 464-6000**

BOARD OF DIRECTORS

Tom Radulovich Joel Keller
President *Vice President*

Thomas M. Blalock Gail Murray
James Fang Robert Raburn
Zakhary Mallett Rebecca Saltzman
John McPartland

OFFICERS

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Scott L. Schroeder – Controller/Treasurer
Kenneth A. Duron – District Secretary
Mark Smith – Independent Police Auditor

GENERAL COUNSEL

Matthew Burrows, Esq.

PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.

BOND AND DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR

First Southwest Company

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IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN 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.

This Official Statement does not constitute an offer to sell the 2013C Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. 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. 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 2013C Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2013C 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 2013C 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 Financial 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 Financial Advisor.

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.

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 2013C 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.

OFFICIAL STATEMENT
\$240,000,000
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2004), 2013 SERIES C

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 \$240,000,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2013 Series C (the “2013C Bonds”).

The District was created in 1957 pursuant to the laws of the State of California 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”) and owns additional property in and extends service to the County of San Mateo. 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 2013C Bonds represent general obligations of the District and will be payable solely from a levy of *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation within the Three BART Counties (except certain property which is taxable at limited rates) for the payment of principal of and interest on the 2013C Bonds. The aggregate assessed value of property in the District for the fiscal year ending June 30, 2014 (“Fiscal Year 2013-14”) has been recorded as \$525,641,605,041.

As provided in the ballot measure authorizing the issuance of the total authorized amount of \$980 million of general obligation bonds of the District, of which the 2013C Bonds constitute a portion, the District has established an independent citizens’ oversight committee to review and report to the public on the expenditure of the proceeds of such bonds, including the 2013C Bonds.

The Bank of New York Mellon Trust Company, N.A., will serve as paying agent (the “Paying Agent”) for the 2013C Bonds pursuant to a Paying Agent Agreement, dated as of May 1, 2005, as supplemented by the First Supplemental Paying Agent Agreement, dated as of July 1, 2007, and a Second Supplemental Paying Agent Agreement, dated as of October 1, 2013 (as so supplemented, the “Paying Agent Agreement”), each between the District and the Paying Agent. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent 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 Paying Agent Agreement are available upon request to the Controller/Treasurer of the District. The offering of the 2013C Bonds is made only by means of this entire Official Statement and is subject in all respects to the information contained herein.

THE 2013C BONDS

Purpose and Application of Proceeds

The 2013C Bonds are being issued to finance earthquake safety improvements to BART facilities in the Three BART Counties, including strengthening tunnels, bridges, overhead tracks, the underwater Transbay Tube and the Berkeley Hills Tunnel (the “Project”). See Appendix A – “San Francisco Bay Area Rapid Transit District Financial and Operating Information – Capital Programs – Earthquake Safety Program.” Proceeds will be applied to finance the Project, to pay a portion of interest on the 2013C Bonds through February 1, 2016 and to pay costs of issuance of the 2013C Bonds. See “Estimated Sources and Uses of Funds.”

Authority for Issuance

The 2013C Bonds constitute a portion of the total authorized amount of \$980 million of general obligation bonds of the District duly authorized by at least two-thirds of the qualified voters of the District voting on a ballot measure (“Measure AA”) at an election held on November 2, 2004 (collectively, the “Bonds”). The 2013C Bonds constitute the third issue of general obligation bonds being issued pursuant to the Measure AA authorization: \$500 million have been issued (of which \$408,275,000 remain outstanding) and \$480 million remain to be issued (not taking into account the 2013C Bonds). The 2013C 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, and other applicable law, and according to the terms and in the manner set forth in the Paying Agent Agreement, as authorized by Resolution No. 5221 adopted by the Board of Directors of the District on September 26, 2013.

Description of the 2013C Bonds

The 2013C Bonds will be dated their date of delivery and will mature at the times and in the principal amounts as set forth on the cover page of the Official Statement. Interest on the 2013C Bonds shall be payable on February 1 and August 1 of each year, commencing February 1, 2014. Interest on the 2013C Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

The 2013C 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 2013C Bonds. Beneficial ownership interests in the 2013C 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 form only in denominations of \$5,000 or any integral multiple thereof. See Appendix E – “DTC and the Book-Entry-Only System.”

Book-Entry Only System

DTC will act as securities depository for the 2013C Bonds. See Appendix E – “DTC and the Book-Entry-Only System.” Payments of interest on, principal of and premium, if any, on the 2013C Bonds will be made by the Paying Agent to DTC or its nominee, Cede & Co., as registered owner of the 2013C Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the District or the Paying Agent with respect to the principal or redemption price of or interest on the 2013C Bonds to the extent of the sum or sums so paid.

The District and the Paying Agent 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 2013C Bonds, (ii) confirmation of ownership interests in the 2013C Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2013C Bonds, or that DTC’s Direct Participants or Indirect Participants will do so on a timely basis.

So long as the 2013C Bonds are held in the book-entry only system of DTC, the registered owner, the Owner of the 2013C Bonds will be DTC, and not the beneficial owner.

Redemption Provisions

Optional Redemption. The 2013C Bonds maturing on or before August 1, 2023 are not subject to redemption prior to their respective stated maturity dates. The 2013C Bonds maturing on and after August 1, 2024 will be subject to redemption prior to their respective stated maturities, 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, 2023, at the principal amount of such 2013C Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2013C Bonds are called for redemption, the 2013C Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2013C Bonds of any given maturity are called for redemption, the portions of 2013C Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Redemption. The 2013C Bonds maturing on August 1, 2037, are 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 (<u>August 1</u>)	Mandatory Sinking Fund Payment Amount
2034	\$6,280,000
2035	5,500,000
2036	4,645,000
2037*	3,700,000

* 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 2013C Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Notice and Effect of Redemption. Notice of any redemption of 2013C Bonds will be given by the Paying Agent upon written request of the District by first class mail to the registered owners of any 2013C Bonds designated for redemption at least 30 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 2013C Bonds and the date of issue of the 2013C Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the 2013C Bonds to be redeemed; (vi) (if less than all of the 2013C Bonds of any maturity are to be redeemed) the distinctive numbers of the 2013C Bonds of each maturity to be redeemed; (vii) (in the case of 2013C Bonds redeemed in part only) the respective portions of the principal amount of the 2013C Bonds of each maturity to be redeemed; (viii) the CUSIP number, if

any, of each maturity of 2013C Bonds to be redeemed; (ix) a statement that such 2013C Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and (x) notice that further interest on such 2013C Bonds will not accrue after the designated redemption date. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and as may be further required in the applicable 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 2013C 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 Paying Agent Agreement, and when the redemption price of the 2013C Bonds called for redemption is set aside as provided in the Paying Agent Agreement, the 2013C 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 2013C Bonds at the place specified in the notice of redemption, such 2013C Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such 2013C Bonds so called for redemption after such redemption date shall look for the payment of such 2013C Bonds and the redemption premium thereon, if any, only to the interest and sinking fund (the "Interest and Sinking Fund") or the escrow fund established for such purpose. All 2013C Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for optional redemption by causing written notice of the rescission to be given to the registered owners of the 2013C 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 Paying Agent 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 2013C 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 2013C Bonds all of the principal, interest and premium, if any, represented by 2013C Bonds at the times and in the manner provided in the Paying Agent Agreement and in the 2013C Bonds, or as provided pursuant to the provisions of the Paying Agent Agreement described in the following paragraph, or as otherwise provided by law consistent with the Paying Agent Agreement, then such registered owners shall cease to be entitled to the obligation of the District to levy taxes for payment of the 2013C Bonds as described in the Paying Agent Agreement, and such obligation and all agreements and covenants of the District to such registered owners under the Paying Agent Agreement and under the 2013C Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the 2013C Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment.

Pursuant to the Paying Agent Agreement, the District may pay and discharge any or all of the 2013C Bonds by depositing in trust with the Paying Agent (or an escrow agent) at or before maturity,

cash or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the District, will be fully sufficient to pay and discharge the indebtedness on such 2013C Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

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

The book-entry system for registration of the ownership of the 2013C Bonds in book-entry form may be discontinued at any time if: (1) DTC resigns as securities depository for the 2013C 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 2013C 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 Paying Agent for the accuracy of such designation. Whenever DTC requests the District and the Paying Agent to do so, the District and the Paying Agent 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 2013C Bonds. Thereafter, all Bonds are transferable or exchangeable as described in the Paying Agent Agreement.

In the event that the book-entry-only system is no longer used with respect to the 2013C Bonds, payment of interest on the 2013C Bonds will be made on each interest payment date to the person whose name appears on the bond registration books of the Paying Agent as the registered owner of the 2013C 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 2013C Bond will be made by check or draft mailed by first class mail to the registered owner of such 2013C Bond at such owner's address as it appears on the bond registration books of the Paying Agent or at such address as such owner may have filed with the Paying Agent for that purpose; or, upon the written request of the registered owner of 2013C 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, and interest on the 2013C Bonds will be payable at the principal corporate trust office of the Paying Agent or at such other location as the Paying Agent may designate. The 2013C Bonds will be in the form of fully registered Bonds and will be issued in denominations of \$5,000 or any integral multiple thereof.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2013C Bonds are expected to be applied as follows:

Principal Amount of 2013C Bonds	\$240,000,000.00
Net Original Issue Premium	30,840,347.00
Total Sources	<u>\$270,840,347.00</u>
Project Fund	\$240,000,000.00
Costs of Issuance ⁽¹⁾	663,345.37
Capitalized Interest ⁽²⁾	30,177,001.63
Total Uses	<u>\$270,840,347.00</u>

⁽¹⁾ Includes underwriters' discount, rating agency fees, printing, legal and other expenses.

⁽²⁾ To be applied to pay interest due on the 2013C Bonds through February 1, 2016.

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DEBT SERVICE SCHEDULE

The following table sets forth annual debt service on the 2013C Bonds together with the annual debt service of the prior series of bonds issued pursuant to Measure AA:

Year Ending August 1	Outstanding 2005A and 2007B Bonds Debt Service	2013C Bonds		Total 2013C Bonds Debt Service	Aggregate Debt Service
		Principal	Interest ⁽¹⁾		
2014	\$ 22,936,278	\$14,455,000	\$7,439,444	\$21,894,444	\$44,830,722
2015	23,484,338	-	10,423,700	10,423,700	33,908,037
2016	24,054,888	-	10,423,700	10,423,700	34,478,587
2017	24,656,413	19,815,000	10,423,700	30,238,700	54,895,112
2018	25,280,163	18,050,000	9,669,250	27,719,250	52,999,412
2019	25,928,513	18,100,000	8,967,750	27,067,750	52,996,262
2020	26,650,688	18,185,000	8,163,750	26,348,750	52,999,437
2021	27,276,188	18,365,000	7,356,350	25,721,350	52,997,537
2022	27,934,500	10,985,000	6,528,200	17,513,200	45,447,700
2023	28,612,700	10,825,000	6,008,800	16,833,800	45,446,500
2024	29,322,075	10,640,000	5,486,800	16,126,800	45,448,875
2025	30,057,825	10,420,000	4,967,850	15,387,850	45,445,675
2026	30,824,325	10,125,000	4,496,450	14,621,450	45,445,775
2027	31,617,825	9,840,000	3,990,200	13,830,200	45,448,025
2028	32,447,350	9,500,000	3,498,200	12,998,200	45,445,550
2029	33,309,025	9,115,000	3,023,200	12,138,200	45,447,225
2030	34,202,125	8,675,000	2,567,450	11,242,450	45,444,575
2031	35,135,675	8,175,000	2,133,700	10,308,700	45,444,375
2032	36,107,175	7,615,000	1,724,950	9,339,950	45,447,125
2033	37,114,425	6,990,000	1,344,200	8,334,200	45,448,625
2034	38,160,175	6,280,000	1,006,250	7,286,250	45,446,425
2035	39,251,675	5,500,000	692,250	6,192,250	45,443,925
2036	40,385,425	4,645,000	417,250	5,062,250	45,447,675
2037	41,559,563	3,700,000	185,000	3,885,000	45,444,562
Total⁽²⁾	\$746,309,328	\$240,000,000	\$120,938,394	\$360,938,394	\$1,107,247,722

(1) Includes interest to be paid from a portion of the proceeds of the 2013C Bonds through February 1, 2016. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

(2) Totals may reflect rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE 2013C BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the 2013C 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 District, will be placed in the Interest and Sinking Fund for the bonds authorized by Measure AA, including the 2013C Bonds.

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 in each county and transmits that information to each county treasurer-tax collector. Each county treasurer-tax collector 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 and Contra Costa County transmit the tax revenues collected to pay the District's outstanding general obligation bonds directly to the Paying Agent, while the City and County of San Francisco transmit the tax revenues collected to pay the District's outstanding general obligation bonds to the District, who then forwards them to the Paying Agent. 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 a 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 also receives 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. The proceeds of the bond tax levy and the operating tax levy are not at any time commingled.

Assessed Valuation of Property Within the District

As required by the law of the State of California (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 the 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 to the California Constitution adopted in 1978, 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 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, and specifically those acquired recently prior to the downturn in the housing market, may upon transfer 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 the inflationary rate, but it is not to exceed 2 percent 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. This exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

For assessment and tax collection purposes, property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” 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.

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 Bonds.

For Fiscal Year 2013-14, the District’s total secured and unsecured assessed valuation is \$525,641,605,041. 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 Valuations
(Fiscal Years Ending June 30)**

City and County of San Francisco Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Non-Unitary Utility</u>	<u>Unsecured</u>	<u>Total</u>
2006-07	\$110,979,784,808	\$124,473,509	\$ 7,477,880,437	\$118,582,138,754
2007-08	120,790,890,780	145,235,265	7,721,465,207	128,657,591,252
2008-09	130,824,730,768	79,163,963	9,061,373,546	139,965,268,277
2009-10	139,453,860,923	50,879,439	10,405,985,652	149,910,726,014
2010-11	146,680,168,492	43,565,042	9,446,789,960	156,170,523,494
2011-12	147,612,367,616	41,527,475	9,249,419,572	156,903,314,663
2012-13	153,348,031,902	46,515,990	9,764,668,943	163,159,216,835
2013-14	160,650,767,471	35,943,747	9,867,122,786	170,553,834,004

Alameda County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Non-Unitary Utility</u>	<u>Unsecured</u>	<u>Total</u>
2006-07	\$167,868,240,571	\$157,443,348	\$10,103,970,074	\$178,129,653,993
2007-08	181,740,424,095	98,093,459	10,462,574,321	192,301,091,875
2008-09	190,471,878,466	94,381,821	10,984,359,699	201,550,619,986
2009-10	184,783,512,536	98,948,510	11,426,546,149	196,309,007,195
2010-11	181,685,580,407	97,581,171	11,448,265,391	193,231,426,969
2011-12	181,858,450,818	71,523,308	11,273,954,399	193,203,928,525
2012-13	185,782,114,251	261,640,769	11,629,397,550	197,673,152,570
2013-14	195,515,528,517	969,629,855	11,531,178,412	208,016,336,784

Contra Costa County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Non-Unitary Utility</u>	<u>Unsecured</u>	<u>Total</u>
2006-07	\$139,284,484,420	\$657,680,011	\$4,524,187,080	\$144,466,351,511
2007-08	152,007,562,168	558,065,472	4,608,828,033	157,174,455,673
2008-09	151,955,031,630	576,695,232	4,997,996,781	157,529,723,643
2009-10	140,354,485,948	557,056,345	5,288,096,603	146,199,638,896
2010-11	135,669,128,300	560,296,728	5,037,631,621	141,267,056,649
2011-12	134,765,284,339	539,960,865	5,240,695,911	140,545,941,115
2012-13	135,755,672,418	590,750,775	5,454,953,657	141,801,376,850
2013-14	140,680,879,833	986,316,033	5,404,238,387	147,071,434,253

Total

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Non-Unitary Utility</u>	<u>Unsecured</u>	<u>Total</u>
2006-07	\$418,132,509,799	\$ 939,596,868	\$22,106,037,591	\$441,178,144,258
2007-08	454,538,877,043	801,394,196	22,792,867,561	478,133,138,800
2008-09	473,251,640,864	750,241,016	25,043,730,026	499,045,611,906
2009-10	464,591,859,407	706,884,294	27,120,628,404	492,419,372,105
2010-11	464,034,877,199	701,442,941	25,932,686,972	490,669,007,112
2011-12	464,236,102,773	653,011,648	25,764,069,882	490,653,184,303
2012-13	474,885,818,571	898,907,534	26,849,020,150	502,633,746,255
2013-14	496,847,175,821	1,991,889,635	26,802,539,585	525,641,605,041

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 Controller's office in the City and County of San Francisco, the assessed value of taxable property within the District was approximately \$490.67 billion in Fiscal Year 2010-11. Assessed value decreased slightly in Fiscal Year 2011-12 by approximately \$15.82 million, or 0.003%. Assessed value increased in Fiscal Year 2012-13 by approximately \$11.98 billion, or 2.4% and in Fiscal Year 2013-14 by \$23.0 billion, or 4.6% over the prior Fiscal Year, respectively. Assessed values could be reduced, including by taxpayer appeal, and tax payment delinquency rates could rise by general economic conditions and other factors beyond the District's control, including a decline in property values, or due to an earthquake 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 shows the local secured assessed valuation and number of parcels by land use category for property in the District for Fiscal Year 2013-14.

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

	Fiscal Year 2013-14	% of	No. of	% of
	<u>Assessed Valuation</u> ⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Non-Residential:				
Agricultural/Rural	\$ 3,494,455,163	0.70%	7,348	0.72%
Commercial/Office	80,155,092,941	16.07	28,652	2.81
Vacant Commercial	1,326,567,657	0.27	2,003	0.20
Industrial	32,733,328,715	6.56	11,032	1.08
Vacant Industrial	1,734,700,460	0.35	1,857	0.18
Power Plants/Utility Roll	1,991,889,635	0.40	102	0.01
Recreational	1,197,685,066	0.24	1,370	0.13
Government/Social/Institutional	1,685,837,062	0.34	23,448	2.30
Miscellaneous	<u>862,491,921</u>	<u>0.17</u>	<u>2,276</u>	<u>0.22</u>
Subtotal Non-Residential	\$125,182,048,620	25.09%	78,088	7.65%
Residential:				
Single Family Residence	\$260,056,249,682	52.13%	677,761	66.40%
Condominium/Townhouse	50,295,755,880	10.08	141,690	13.88
Mobile Home	139,299,149	0.03	4,020	0.39
2-4 Residential Units	24,182,203,310	4.85	55,326	5.42
5+ Residential Units/Apartments	34,529,131,552	6.92	22,562	2.21
Timeshare Units	24,479,298	0.00	6,742	0.66
Vacant Residential	<u>2,673,025,101</u>	<u>0.54</u>	<u>29,177</u>	<u>2.86</u>
Subtotal Residential	\$371,900,143,972	74.55%	937,278	91.83%
Unclassified Vacant Parcels	\$1,756,872,864	0.35%	5,290	0.52%
Total	\$498,839,065,456	100.00%	1,020,656	100.00%

Source: California Municipal Statistics, Inc.

⁽¹⁾Total Secured Assessed Valuation, excluding tax-exempt property.

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 1% 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 2013C Bonds. The rate of tax necessary to pay fixed debt service on the 2013C 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, 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 2013C 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.

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.

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**

	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
<u>San Francisco City and County</u>			
2002-03	\$ 966,480,061	\$15,014,606	1.55%
2003-04	1,014,187,774	12,035,254	1.19
2004-05	1,118,631,818	12,316,296	1.10
2005-06	1,203,593,476	14,372,179	1.19
2006-07	1,294,459,918	18,333,929	1.42
2007-08	1,412,410,299	29,135,871	2.06
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
<u>Alameda County</u>			
2002-03	\$1,674,358,082	\$ 25,594,994	1.53%
2003-04	1,804,240,112	23,893,105	1.32
2004-05	1,937,855,615	40,724,841	2.10
2005-06	1,734,767,562	39,068,965	2.25
2006-07	2,346,314,207	84,055,651	3.58
2007-08	2,527,889,927	114,724,877	4.54
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
<u>Contra Costa County</u>			
2002-03	\$1,236,857,630	\$21,441,920	1.73%
2003-04	1,354,342,797	23,867,875	1.76
2004-05	1,473,409,825	17,693,917	1.20
2005-06	1,639,434,103	34,908,785	2.13
2006-07	1,843,116,959	60,661,461	3.29
2007-08	2,007,908,928	95,281,163	4.75
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
<u>Total San Francisco City and County, Alameda County and Contra Costa County</u>			
2002-03	\$3,877,695,773	\$ 62,051,520	1.60%
2003-04	4,172,770,683	59,796,234	1.43
2004-05	4,529,897,258	70,735,054	1.56
2005-06	4,577,795,141	88,349,929	1.93
2006-07	5,483,891,084	163,051,041	2.97
2007-08	5,948,209,154	239,141,911	4.02
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

Source: California Municipal Statistics, Inc.

⁽¹⁾ All taxes collected by the respective county. Source: State Controller's Office.

Teeter Plans

The City and County of San Francisco, the County of Alameda and the County of Contra Costa adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (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 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 2013C Bonds collected in the City and County of San Francisco and the County of Contra Costa are included in the Teeter Plan.

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. The County of Alameda has adopted a Teeter Plan. The County of Alameda does not apply its Teeter Plan to collections for general obligation bonds, including the 2013C Bonds.

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 2013-14

	<u>Property Owner</u>	<u>2013-14 Primary Land Use</u>	<u>% of Assessed Valuation</u>	<u>Total (1)</u>
1.	Chevron USA Inc.	Industrial – Refinery	\$ 3,244,168,590	0.65%
2.	Equilon Enterprises LLC	Industrial – Refinery	1,883,865,745	0.38
3.	Tosco Corporation	Industrial – Refinery	1,381,126,707	0.28
4.	Tesoro Refining & Marketing Co.	Industrial – Refinery	1,339,602,259	0.27
5.	HWA 555 Owners LLC	Office Building	1,159,155,025	0.23
6.	Teachers Insurance & Annuity Association of America	Office Building	809,939,610	0.16
7.	Paramount Group Real Estate Fund	Office Building	804,572,165	0.16
8.	Russell City Energy Company LLC	Power Plant	668,100,000	0.13
9.	Kilroy Realty LP / Kilroy Realty 303 LLC	Office Building	660,862,173	0.13
10.	Shapell Industries Inc.	Residential Properties	589,399,640	0.12
11.	Emporium Mall LLC	Shopping Center/Mall	571,667,957	0.11
12.	GenOn Marsh Landing LLC	Power Plant	544,800,000	0.11
13.	SHR St. Francis LLC	Hotel	478,582,891	0.10
14.	CIM Oakland	Office Building	462,774,553	0.09
15.	Metropolitan Life Insurance Co.	Office Building	447,828,303	0.09
16.	Post-Montgomery Associates	Office Building	441,556,801	0.09
17.	SPF China Basin Holdings LLC	Office Building	423,273,410	0.08
18.	Rreef America REIT II Corp.	Office Building	413,706,257	0.08
19.	Apple Computer Inc.	Industrial	411,561,741	0.08
20.	SHC Embarcadero LLC	Office Building	<u>398,607,869</u>	<u>0.08</u>
			<u>\$17,135,151,696</u>	<u>3.44%</u>

Source: California Municipal Statistics, Inc.

(1) 2013-14 Total Secured Assessed Valuation: \$498,839,065,456.

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 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 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 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 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 District and 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 September 19, 2013. 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 – Financing the BART System.”

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.

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

2013-14 Assessed Valuation: \$525,641,605,041

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt 9/1/13</u>
Bay Area Rapid Transit District	100 %	\$ 408,275,000 (2)
City and County of San Francisco	100.	1,863,360,000
Community College Districts	0.348-100.	1,714,673,514
Oakland Unified School District	100.	722,680,000
San Francisco Unified School District	100.	647,360,000
West Contra Costa Unified School District	100.	775,367,930
Other Unified School Districts	1.794-100.	2,913,060,689
Union High School Districts	100.	213,911,665
Elementary School Districts	100.	139,996,800
City of Oakland	100.	235,981,916
Other Cities	99.987-100.	179,189,184
East Bay Municipal Utility District Special District No. 1	100.	18,555,000
East Bay Regional Park District	100.	209,350,000
Healthcare Districts	100.	114,355,000
Pleasant Hill Recreation and Park District	100.	27,120,000
Community Facilities Districts	100.	369,086,570
1915 Act Bonds and Parcel Tax Obligations	100.	<u>423,710,884</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$10,976,034,152
<u>OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt 9/1/13</u>
Alameda County General Fund and Pension Obligations	99.990%	\$ 748,162,778
Contra Costa County General Fund and Pension Obligations	100.	592,492,006
City and County of San Francisco General Fund and Judgment Obligations	100.	1,064,165,751
Community College District General Fund and Pension Obligations	100.	159,334,090
Unified School District General Fund Obligations	8.156-100.	191,096,086
School District Certificates of Participation	100.	2,161,198
City of Fremont Certificates of Participation	99.987	133,397,656
City of Oakland General Fund and Pension Obligations	100.	644,063,504
City of Richmond General Fund and Pension Obligations	100.	233,375,133
Other City General Fund Obligations	99.933-100.	431,686,201
Contra Costa Fire Protection District Pension Obligations	100.	99,945,000
Special District General Fund Obligations	22.565-100.	<u>43,634,354</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$4,343,513,757
Less: Supported obligations		<u>152,997,039</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$4,190,516,718
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$2,021,437,865
GROSS COMBINED TOTAL DEBT		\$17,340,985,774 (3)
NET COMBINED TOTAL DEBT		\$17,187,988,735

(1) Based on 2012-13 ratios.

(2) Excludes issue to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

(CONTINUES ON FOLLOWING PAGE)

Ratios to 2013-14 Assessed Valuation:

Direct Debt (\$408,275,000)	0.08%
Total Direct and Overlapping Tax and Assessment Debt.....	2.09%
Gross Combined Total Debt.....	3.30%
Net Combined Total Debt.....	3.27%

Ratio to Redevelopment Incremental Valuation (\$59,325,811,897):

Total Overlapping Tax Increment Debt.....	3.41%
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Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS

Limitations on Revenues

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 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 2013C Bonds under the 2004 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. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The 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 1% 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 a number of 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, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes); prohibits special purpose government agencies such as the District from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIII C also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. However, the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on the District’s bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes or to otherwise interfere with performance of the duty of the county with respect to such taxes. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with 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. Developer fees imposed by the District are restricted as to use and are neither pledged nor available to pay the Bonds.

The interpretation and application of Proposition 218 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 determination.

Expenditures and Appropriations

Article XIII B of the California Constitution. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” exclude tax

refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The District has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency’s actual appropriations be tested over consecutive two-year periods. If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

For the Fiscal Year ended June 30, 2013, the District had an appropriations limit of \$489,231,864. Capital and operating expenditures subject to the limit were \$387,017,319, creating a margin of \$102,214,545. For the Fiscal Year ending June 30, 2014, the District has determined that its appropriations limit is \$507,268,979. Pursuant to the Fiscal Year 2014 budget, capital and operating expenditures subject to the limit are \$416,032,531, creating a margin of \$91,236,448.

Prohibitions on Diverting Local Revenues for State Purposes

Beginning in Fiscal Year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (“ERAF”) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State’s voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as “Proposition 22”.

The effect of Proposition 22 is to prohibit 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, as in the ERAF program. 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.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted fiscal year 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. 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 will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes.

Dissolution of Redevelopment Agencies

Under California law, a city or county could, and did, prior to California legislation dissolving redevelopment agencies as described below, create a redevelopment agency. Upon formation of a “project area” of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as “tax increment”) belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including the District, from that time forward. However, special ad valorem property taxes (in excess of the 1% general fund levy) collected for payment of debt service on the District's bonds are based on assessed valuation before reduction for redevelopment increment and such special ad valorem property taxes are not affected or diverted by the operation of a redevelopment agency project area.

The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included trailer bill Assembly Bill No. 26 (First Extraordinary Session) (“AB1X 26”), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Assembly Bill No. AB 1484 (“AB1X 1484”), signed into law by the Governor on June 27, 2012, modified certain provisions enacted under AB1X 26, and together with AB1X 26, form the procedural framework for the dissolution of the redevelopment agencies.

Commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved were instead deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in Part 1.85 (commencing with Section 34170) of Division 24 of the State Health and Safety Code (the “Health and Safety Code”). The Health and Safety Code generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 2 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on its recognized obligation payment schedule and the county auditor-controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency's successor agency for payment of administrative costs; and
- Any remaining balance to local taxing agencies.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and AB 1484 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of the dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26 and AB 1484.

No assurances can be given as to the effect of any such future legislation on the District's finances or the 2013C Bonds. In addition, general economic conditions can affect assessed values and tax payment delinquency rates.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 98 and 111, 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.

INVESTMENT OF 2013C BOND PROCEEDS

Proceeds of the 2013C Bonds deposited into the 2013C Project Account and other funds held by the Paying Agent will be invested by the Paying Agent at the direction of the District in Investment Securities as such term is defined in the Paying Agent Agreement. Such proceeds are not security for the payment of the 2013C Bonds. Investment Securities include:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including interest strips of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations of the Fannie Mae Corporation, the Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in the highest Rating Category by Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services, a Division of The McGraw Hill Companies ("Standard & Poor's");

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the Paying Agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) which are rated in the highest long-term Rating Category by Moody's and Standard & Poor's;

(vii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Paying Agent or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such a bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Paying Agent or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Paying Agent with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Paying Agent shall be entitled to rely on each such undertaking;

(viii) taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's and Standard & Poor's which matures not more than 270 calendar days after the date of purchase;

(ix) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in the highest long-term Rating Category, if any, by Moody's and Standard & Poor's, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Paying Agent, an outstanding issue of

unsecured, uninsured and unguaranteed debt obligations rated in the highest long-term Rating Category by Moody's and Standard & Poor's;

(x) any repurchase agreement approved by the Board of Directors of the District which does not cause the rating on the Bonds to be reduced or withdrawn, or entered into with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in the highest long-term Rating Category by Moody's and Standard & Poor's, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Paying Agent or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Paying Agent with an undertaking satisfactory to the Paying Agent that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Paying Agent shall be entitled to rely on each such undertaking;

(xi) any cash sweep or similar account arrangement of or available to the Paying Agent, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities and any money market fund including money market funds from which the Paying Agent or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities; provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (x);

(xii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank, which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in the highest long-term Rating Category by Moody's and Standard & Poor's, approved by the Board of Directors of the District and which does not cause the rating on the Bonds to be reduced or withdrawn;

(xiii) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Paying Agent Agreement; and

(xiv) any other investment approved by the Board of Directors of the District which does not cause the rating on the Bonds to be reduced or withdrawn.

INVESTMENT CONSIDERATIONS

Economy of the Three BART Counties and the State

The economy of the Three BART Counties is recovering from a recession as evidenced by increased sales tax revenues in recent fiscal years and increases in assessed values of property.

The domestic and international recession and financial crisis has had, and is expected to continue to have, significant repercussions upon District, State, national and global economies, including reduced

revenues for government, increased unemployment, a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, increase in interest costs, reduced business activity, increased consumer bankruptcies, and increased business failures and bankruptcies.

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.”

Limitation on Remedies

The opinion of Bond Counsel notes that the rights and obligations under the 2013C Bonds and their enforceability are subject to bankruptcy, insolvency, 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 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 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.

Possible adverse effects of a bankruptcy of BART include delays or reductions in payments on the Bonds or other losses to the holders of the 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 Bonds.

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 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. 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 Bonds to increase accordingly, so that the fixed debt service on the 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.

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. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. 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 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

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). The Loma Prieta earthquake, the most recent significant seismic event in the District, occurred in 1989 and was centered about 70 miles south of Oakland on the San Andreas Fault. 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.

In April 2008, 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 63% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. For example, the U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause almost \$100 billion of damage. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area’s economic activity, in addition to decreasing the District’s assessed value.

Other Force Majeure Events

Operation of the BART System 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.

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 – 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. Recently, 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.

No Acceleration Provision

The Paying Agent Agreement does not contain a provision allowing for the acceleration of the 2013C Bonds in the event of a default in the payment of principal and interest on the 2013C Bonds when due. In the event of a default by the District, each Series 2013C Bondholder will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Paying Agent Agreement.

CITIZENS’ OVERSIGHT COMMITTEE

Measure AA required that a BART Earthquake Safety Program Citizens’ Oversight Committee (the “Oversight Committee”) be created by the District to review that proceeds of the 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 Oversight Committee were selected by the Board of Directors of the District in January 2013 and will serve until the end of calendar year 2015. Measure AA requires that members of this Committee have expertise in certain specific subjects and reside within the District. Since its formation, the Oversight Committee has held 19 meetings and the chairman of the Oversight Committee has presented reports to the District Board, in which the Committee stated its consensus opinion that bond proceeds are being spent properly and in accordance with Measure AA.

LEGAL MATTERS

The validity of the 2013C 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. Bond Counsel takes no responsibility for the accuracy, completeness or fairness of this Official Statement. Approval of certain other legal matters will be passed upon for the District by its General Counsel, and for the Underwriters by Curls Bartling P.C., neither of which undertakes any responsibility for the accuracy, completeness or fairness of this Official Statement.

TAX MATTERS

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 2013C 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 2013C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. 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 2013C Bonds is less than the amount to be paid at maturity of such 2013C Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2013C 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 2013C 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 2013C Bonds is the first price at which a substantial amount of such maturity of the 2013C 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 2013C Bonds accrues daily over the term to maturity of such 2013C 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 2013C Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2013C Bonds. Beneficial Owners of the 2013C Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2013C Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2013C Bonds in the original offering to the public at the first price at which a substantial amount of such 2013C Bonds is sold to the public.

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 purchaser’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 2013C Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2013C 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 2013C Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2013C 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 2013C Bonds may adversely affect the value of, or the tax status of interest on, the 2013C 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 2013C 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 interest on, the 2013C 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 2013C 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 2013C Bonds. Prospective purchasers of the 2013C 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 2013C 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 2013C Bonds ends with the issuance of the 2013C 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 2013C 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 2013C 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 2013C Bonds, and may cause the District or the beneficial owners to incur significant expense.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the 2013C Bonds, the District will certify that 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 2013C Bonds, the application of the proceeds thereof in accordance with the Paying Agent Agreement, or the levy, collection or application of the *ad valorem* taxes, or in any way contesting or affecting the validity or enforceability of the 2013C Bonds or the Paying Agent Agreement or in any way contesting the completeness or accuracy of this Official Statement with respect to the 2013C Bonds.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P") (Moody's and S&P each a "rating agency") have assigned their municipal bond ratings of "Aaa" and "AAA," respectively, to the 2013C Bonds. Any explanation of the significance of such rating may only be obtained from the rating agency furnishing such rating. Certain information and materials not included in this Official Statement were furnished to each of the rating agencies concerning the 2013C Bonds. Generally, rating agencies base their ratings on

such information and materials and on investigations, studies and assumptions by such rating agencies. There is no assurance that any credit rating assigned to the 2013C Bonds by any rating agency will be maintained for any period of time or that the rating assigned may not be lowered or withdrawn entirely by a rating agency, if, in its judgment, circumstances so warrant. The District has not undertaken any responsibility to oppose any downward revision or withdrawal of any rating. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2013C Bonds.

FINANCIAL ADVISOR

First Southwest Company serves as Financial Advisor to the District with respect to the sale of the 2013C Bonds. The Financial Advisor has not conducted a detailed investigation of the affairs of the District to determine the completeness or accuracy of this Official Statement. Because of its limited participation, the Financial Advisor has not independently verified any of the data contained herein and has no responsibility for the accuracy or completeness thereof.

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 Paying Agent for the benefit of the Beneficial Owners (as such term is defined in such Continuing Disclosure Agreement) from time to time of the 2013C Bonds. A copy of the form of Continuing Disclosure Agreement is set forth in Appendix F hereto. The District has always been current in respect of its required annual report filings under the Rule; however, the District did not promptly file a number of notices relating to rating changes in 2008 and 2009 for issues caused by the sequential downgrades of the bond insurers of such issues or the withdrawal of ratings of such insured issues. The District recently filed notices providing the rating history with respect to the affected bonds to confirm compliance with the District’s continuing disclosure obligations. The District has engaged BLX Group and has implemented procedures to ensure timely filing of all future notices of material events. Other than as described above, the District believes it has conformed in all material respects to its continuing disclosure undertakings during the last five years.

UNDERWRITING

The 2013C Bonds are being purchased by the Underwriters identified on the cover page of this Official Statement (the “Underwriters”) pursuant to a bond purchase agreement, dated the date of sale of the 2013C Bonds (the “Bond Purchase Agreement”), between the District and the Underwriters. The 2013C Bond Purchase Agreement provides that the Underwriters will purchase all of the 2013C Bonds, if any are purchased, at a purchase price of \$270,652,001.63 (representing the principal amount of the 2013C Bonds, plus net original issue premium of \$30,840,347.00 and less an underwriters’ discount of \$188,345.37). The initial public offering prices of the 2013C Bonds may be changed from time to time by the Underwriters. The 2013C Bond Purchase Agreement provides that the obligation to make such purchase is subject to certain terms and conditions set forth in the 2013C Bond Purchase Agreement including, among others, the approval of certain legal matters by counsel.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2013C Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase 2013C Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2013C Bonds that such firm sells.

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 2013C Bonds. All of the preceding summaries of the 2013C Bonds, the Paying Agent Agreement, applicable legislation and other agreements and documents are made subject to the provisions of the 2013C 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 Controller/Treasurer of 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.

APPENDIX A

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
FINANCIAL AND OPERATING INFORMATION**

APPENDIX B

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

APPENDIX C

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY

The Treasurer of the District shall invest District funds in a manner the Treasurer deems prudent, suitable and advantageous under existing circumstances and in accordance with the following objectives, in order of priority:

1. Preservation of Capital
2. Liquidity – funds shall be invested only until date of anticipated need or for a lesser period.
3. Yield – generation of a favorable return on investment without compromise of the first two objectives.

The Treasurer may invest in Securities authorized by the Public Utilities Code Sections 29100 through 29102; Government Code Sections 53601, 53601.1 and 53635 and Board Resolution 2697 with the following exception: the Treasurer will not invest in commercial paper, financial or commodity futures, options contracts, medium-term corporate notes, or mutual funds unless specifically authorized by the Board.

The Treasurer may invest in repurchase agreements and will accept as security 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. The maturity date of the collateral may, however, be later than that required by Objective 2 above.

The Treasurer may invest in reverse repurchase agreements with a maturity of 90 days or less.

The 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 Treasurer may invest in public time deposits in financial institutions having at least one branch within the BART boundaries. The Treasurer will accept as collateral securities authorized by the Government Code Section 53651 (a) through (p) excluding subsection (m) promissory notes secured by first mortgages and first trust deeds. The Treasurer will require 110% collateralization, less the portion authorized by Government Code Section 53653 on public time deposits, except for San Francisco Federal Home Loan Bank Letters of Credit, in which case the collateralization will be 105%.

The Treasurer has the authority to waive the required collateralization and substitute Federal Deposit Insurance Corporation (FDIC) for the first \$100,000 of the investment.

The Treasurer will continue to seek minority Banks and Savings and Loan Associations, as defined by the Federal Government, for the placement of some of the District’s funds.

The Treasurer may invest in money market mutual funds as authorized by Section 53601(k) of the Government Code up to a maximum total of \$25,000,000. The funds must carry a credit rating of “AAA” by both Standard & Poor’s and Moody’s and their portfolio must consist entirely of direct

obligations of the U. S. Government, its agencies or instrumentalities, and repurchase agreements backed by such obligations.

The Treasurer may invest in the State of California Local Agency Investment Fund as authorized by Government Code Sections 16429.1 et seq. in an amount not to exceed \$25,000,000.

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.

The foregoing defines the Treasurer's investment policies for calendar year 2003 and thereafter unless and until they are modified by the Treasurer and approved by the Board.

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 non-member six counties, four to the north and two to the south, provide reciprocal economic support and 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 tip of the Bay. Linking the Bay Area are seven major 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 2013. Population in the Three BART Counties increased approximately 8.8% between 2000 and 2013 and 1.0% between 2012 and 2013.

Table 1
HISTORICAL POPULATION
Alameda and Contra Costa Counties and City and County of San Francisco
2000 and 2010 though 2013
(As of January 1)

	2000⁽¹⁾	2010⁽¹⁾	2011⁽²⁾	2012⁽²⁾	2013⁽²⁾	% Change 2012-2013
Alameda County						
Alameda	72,259	73,812	74,052	74,544	75,126	0.8
Albany	16,444	18,539	18,345	18,467	18,430	-0.2
Berkeley	102,743	112,580	113,925	114,688	115,716	0.9
Dublin	29,973	46,036	46,207	46,729	49,890	6.8
Emeryville	6,882	10,080	10,110	10,186	10,269	0.8
Fremont	203,413	214,089	215,391	217,416	219,926	1.2
Hayward	140,030	144,186	145,101	146,923	148,756	1.2
Livermore	73,345	80,968	81,547	82,293	83,325	1.3
Newark	42,471	42,573	42,700	42,985	43,342	0.8
Oakland	399,566	390,724	392,333	394,832	399,326	1.1
Piedmont	10,952	10,667	10,710	10,793	10,889	0.9
Pleasanton	63,654	70,285	70,537	71,176	71,871	1.0
San Leandro	79,452	84,950	85,364	85,941	86,666	0.8
Union City	66,869	69,516	69,746	70,554	71,329	1.1
Other Areas	135,688	141,266	141,688	142,649	143,820	0.8
	<u>1,443,741</u>	<u>1,510,271</u>	<u>1,517,756</u>	<u>1,530,176</u>	<u>1,548,681</u>	1.2
Contra Costa County						
Antioch	90,532	102,372	103,055	103,950	105,117	1.1
Brentwood	23,302	51,481	52,030	52,635	53,278	1.2
Clayton	10,762	10,897	10,942	11,008	11,093	0.8
Concord	121,782	122,067	122,599	123,345	123,812	0.4
Danville	41,715	42,039	42,217	42,498	42,720	0.5
El Cerrito	23,171	23,549	23,649	23,801	23,910	0.5
Hercules	19,488	24,060	24,153	24,299	24,403	0.4
Lafayette	23,908	23,893	24,024	24,186	24,312	0.5
Martinez	35,866	35,824	36,055	36,264	36,578	0.9
Moraga	16,290	16,016	16,076	16,168	16,238	0.4
Oakley ⁽³⁾	25,619	35,432	35,998	36,573	37,252	1.9
Orinda	17,599	17,643	17,714	17,839	17,925	0.5
Pinole	19,039	18,390	18,461	18,581	18,664	0.4
Pittsburg	56,769	63,264	63,735	64,779	65,339	0.9
Pleasant Hill	32,837	33,152	33,280	33,477	33,633	0.5
Richmond	99,216	103,701	104,382	105,004	105,562	0.5
San Pablo	30,256	29,139	28,931	29,137	29,266	0.4
San Ramon	44,722	72,148	73,111	74,753	76,154	1.9
Walnut Creek	64,296	64,173	64,710	65,306	65,684	0.6
Other Areas	151,557	159,785	161,184	162,999	163,762	0.5
	<u>948,816</u>	<u>1,049,025</u>	<u>1,056,306</u>	<u>1,066,602</u>	<u>1,074,702</u>	
City and County of San Francisco	<u>776,733</u>	<u>805,235</u>	<u>808,768</u>	<u>816,311</u>	<u>825,111</u>	1.1
Three BART Counties	<u>3,169,488</u>	<u>3,364,531</u>	<u>3,382,830</u>	<u>3,413,089</u>	<u>3,448,494</u>	1.0

⁽¹⁾ As of April 1 of that year. 2010 is based on Census Data that uses a different methodology to assess population than California Department of Finance.

⁽²⁾ As of January 1 of that year.

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

Source: U.S. Census for 2010; California Department of Finance for years other than 2010.

Table 2-A shows historical nonagricultural employment for the Three BART Counties by industry sector in calendar year 2012 and Table 2-B shows total nonagricultural employment for the Three BART Counties by industry sector in calendar years 2002 and 2012.

Table 2-A
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Year 2012

	Alameda County		Contra Costa County		City and County of San Francisco	
	Number	Percent ⁽²⁾	Number	Percent ⁽²⁾	Number	Percent ⁽²⁾
Total Nonagricultural Employment ⁽¹⁾	659,100	–	320,600	–	558,200	–
<i>Major Classifications</i>						
Manufacturing	62,900	9.5	17,400	5.4	9,300	1.7
Transportation, Warehousing and Public Utilities	24,800	3.7	8,000	2.5	10,800	1.9
Wholesale Trade	35,100	5.3	8,100	2.5	12,100	2.1
Retail Trade	61,900	9.4	41,000	12.8	42,100	7.5
Finance, Insurance, and Real Estate	23,200	3.5	25,200	7.9	51,500	9.2
Information	13,600	2.0	8,400	2.6	23,700	4.2
Professional & Business Services	116,900	17.7	48,100	15.0	138,900	24.9
Educational & Health Services	90,600	13.7	50,500	15.8	61,100	11.0
Leisure & Hospitality	58,300	8.9	33,700	10.5	82,700	14.8
Other Services	23,700	3.6	12,400	3.9	22,500	4.0
Government	114,800	17.4	48,000	15.0	88,900	16.0

⁽¹⁾ Totals may reflect rounding.

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

Source: California Employment Development Department, Labor Market Information Division.

Table 2-B
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Total Three BART Counties
Calendar Years 2002 and 2012

	2002		2012	
	Number	Percent ⁽²⁾	Number	Percent ⁽²⁾
Total Nonagricultural Employment	1,574,800	–	1,537,900	–
<i>Major Classifications</i>				
Manufacturing	118,800	7.5	89,600	5.8
Transportation, Warehousing and Public Utilities	58,300	3.7	43,600	2.8
Wholesale Trade	65,900	4.2	55,300	3.6
Retail Trade	155,600	9.9	145,000	9.4
Finance, Insurance, and Real Estate	123,200	7.8	99,900	6.5
Information	58,900	3.7	45,700	3.0
Professional & Business Services	260,300	16.5	303,900	19.7
Educational & Health Services	169,000	10.7	202,200	13.1
Leisure & Hospitality	150,100	9.5	174,700	11.4
Other Services	60,400	3.8	58,600	3.8
Government	268,500	17.0	251,700	16.4

⁽¹⁾ Totals may reflect rounding.

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

Source: California Employment Development Department, Labor Market Information Division.

Total nonagricultural employment in the Three BART Counties decreased approximately 2.3% in 2012 compared to 2002.

As shown in Table 2-A and Table 2-B, the economy of the Three BART Counties is well diversified, with emphasis on educational and health services, and professional and business services.

Alameda County. Alameda County accounts for approximately 45% of the population and approximately 43% of the nonagricultural employment of the Three BART Counties. Alameda County's population increased approximately 7.3% between 2000 and 2013.

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 these jobs will be highly skilled professional, technical, and managerial positions. The two largest employment sectors are professional and business services and government, which account for approximately 34% of total employment. The trade, transportation and utilities sector, which includes both retail and wholesale categories, averaged 121,900 jobs in 2012, comprising approximately 18.5% of total nonagricultural employment. The professional and business services industry averaged 116,900 jobs for 2012, comprising approximately 17.7% of total employment. Major employers in Alameda County include Kaiser Permanente, University of California at Berkeley, Alameda County, Lawrence Livermore National Laboratory, Oakland Unified School District, Alta Bates Summit Medical Center and Lawrence Berkeley National Laboratory, as shown in Table 4-A.

Contra Costa County. Contra Costa County, predominantly a low-density residential area, accounts for approximately 31% of the population and approximately 29.7% of employment of the Three BART Counties in 2012. Contra Costa County's population increased approximately 13.3% between 2000 and 2013.

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 professional and business services, educational and health services, retail trade and government employment sectors account for approximately 59% of the employment base. Major employers in Contra Costa County include Contra Costa County, Safeway Inc., Chevron Corp. and John Muir/Mount Diablo Health System, as shown in Table 4-A.

City and County of San Francisco. The City and County of San Francisco (the "City") is a major employment center of the Three BART Counties, accounting for approximately 27% of the nonagricultural employment and approximately 24% of the population of the Three BART Counties. The population of San Francisco is relatively dense and has increased slowly in recent years, with an overall increase of approximately 6.2% in 2013 compared to 2000.

The City has the benefit of a highly skilled, professional labor force. Key industries include tourism, real estate, banking and finance, retailing, apparel design and manufacturing. Emerging industries include multimedia and bioscience. Major employers in San Francisco include the City and County of San Francisco, the University of California at San Francisco, Wells Fargo & Co. Inc., and the San Francisco Unified School District, as shown in Table 4-B.

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 2007 through June 2012.

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 2007 Through June 2012

Calendar Year	Alameda County	Contra Costa County	City and County of San Francisco	State of California	United States
2007	4.7%	4.7%	4.2%	5.4%	4.6%
2008	6.2	6.2	5.2	7.2	5.8
2009	10.5	10.2	8.9	11.3	9.3
2010	11.3	11.1	9.6	12.4	9.6
2011	10.4	10.4	8.6	11.7	8.9
2012 ⁽¹⁾	9.4	9.4	7.8	11.0	8.2

⁽¹⁾ Annual average up through June 2012.

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

Table 4-A identifies the major employers of Alameda and Contra Costa Counties and Table 4-B identifies the major employers in the City and County of San Francisco.

Table 4-A
MAJOR EMPLOYERS
Alameda and Contra Costa Counties
As of 2012

Employer	Number of Employees
Kaiser Permanente	21,789
University of California, Berkeley	21,341
Safeway, Inc.	13,661
Contra Costa County	9,800
State of California	9,207
Alameda County	8,800
Lawrence Livermore National Laboratory	6,700
Chevron Corp.	6,395
John Muir Health	6,248
City of Oakland	5,082
Alta Bates Summit Medical Center, Summit Campus	4,878
Oakland Unified School District	4,496
San Ramon Valley Unified School District	4,480
Lawrence Berkeley National Laboratory	4,000
Contra Costa Community College District	3,283
Fremont Unified School District	3,000
Comcast Corp.	2,891
Children's Hospital & Research Center Oakland	2,600
Antioch Unified School District	2,500
Bay Area Rapid Transit District (BART)	2,498
Southwest Airlines Co.	2,242
California State University, East Bay	1,850
Gilead Sciences Inc.	1,846
24 Hour Fitness USA Inc.	1,821
Bayer HealthCare LLC	1,686

Sources: San Francisco Business Times 2013 Book of Lists and San Francisco Business Journal.

Table 4-B
MAJOR EMPLOYERS
City and County of San Francisco
As of 2012

Employer	Number of Employees
City and County of San Francisco	24,805
University of California, San Francisco	22,493
San Francisco Unified School District	9,157
Wells Fargo Bank	8,329
California Pacific Medical Center	6,200
Gap Inc.	6,000
San Francisco Municipal Transportation Agency	4,900
State of California	4,429
PG&E Corp.	4,340
San Francisco State University	3,554
Kaiser Permanente	3,537
United States Postal Service	3,140
City College of San Francisco	2,700
Charles Schwab & Co. Inc.	2,600
Salesforce.com Inc. ⁽¹⁾	2,500
Academy of Art University	2,291
Dignity Health	2,221
University of San Francisco	2,108
Safeway Inc.	1,834
Deloitte LLP	1,719
LucasArts Entertainment Co. LLC	1,700
Zynga Inc.	1,700
BlackRock	1,581
Williams-Sonoma Inc.	1,552
Levi-Strauss & Co.	1,500

Source: San Francisco Business Times, *2013 Book of Lists*.

⁽¹⁾ Includes San Mateo County.

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 by approximately 4,258,200 people by 2035, as compared to the actual population of 3,448,494 in 2013, 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 to the actual 1,675,300 employment level as of July 2013. 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

<u>County</u>	<u>2013⁽¹⁾</u> <u>(Actual)</u>	<u>2035</u> <u>(Projected)</u>	<u>% Change</u> <u>2013-2035</u> <u>(Projected)</u>
Alameda	1,548,681	1,966,300	27.0
Contra Costa	1,074,702	1,322,900	23.0
San Francisco	825,111	969,000	17.4
Three BART Counties	3,448,494	4,258,200	23.5

Employment			
<u>County</u>	<u>2013⁽²⁾</u>	<u>2035</u> <u>(Projected)</u>	<u>Percent</u> <u>Change</u> <u>2012-2035</u> <u>(Projected)</u>
Alameda	719,900	1,039,680	44.4
Contra Costa	497,300	555,650	11.7
San Francisco	457,400	806,830	76.4
Three BART Counties	1,674,600	2,402,160	43.4

⁽¹⁾ As of January 1, 2013.

⁽²⁾ As of July 2013; 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 City, the County, the State and the nation for the calendar years 2008 through 2012 (the most recent data available). The County has 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 2008 through 2012

Year and Area	Personal Income (millions of dollars) ⁽¹⁾	Per Capita Personal Income (dollars)
2012		
Alameda County	N/A	N/A
Contra Costa	N/A	N/A
San Francisco	N/A	N/A
State	1,711,110	44,980
United States	13,401,869	42,693
2011		
Alameda County	75,908	49,617
Contra Costa	60,779	57,011
San Francisco	60,433	74,349
State	1,645,138	43,647
United States	12,949,905	41,560
2010		
Alameda County	72,025	47,603
Contra Costa	57,700	54,817
San Francisco	55,851	69,351
State	1,579,148	42,297
United States	12,423,332	40,163
2009		
Alameda County	69,439	46,338
Contra Costa	55,782	53,745
San Francisco	53,470	66,677
State	1,536,430	41,569
United States	12,073,738	39,357
2008		
Alameda County	74,306	50,302
Contra Costa	59,914	58,547
San Francisco	58,108	73,448
State	1,596,282	43,609
United States	12,429,284	40,873

Source: U.S. Department of Commerce, Bureau of Economic Analysis (last accessed October 28, 2013).

⁽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 2007 through 2012 (the most recent annual data available).

Table 7
HISTORICAL TAXABLE TRANSACTIONS
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Years 2007 Through Second Quarter of 2012
(\$ in thousands)

Fiscal Year	Alameda County	Contra Costa County	San Francisco County	Total Three BART Counties	Percentage Change
2007	25,831,140	14,086,295	14,614,736	54,532,171	–
2008	23,862,957	13,307,681	14,837,689	52,008,327	(4.6)%
2009	20,430,195	11,883,049	12,633,575	44,946,819	(13.6)
2010	21,541,741	11,953,846	13,443,121	46,938,708	4.4
2011	23,430,799	12,799,857	14,890,527	51,121,183	8.9
2012 ⁽¹⁾	18,649,646	6,795,607	7,537,845	32,983,098	N/A

Source: California State Board of Equalization, 2008-2012 Annual Reports.

⁽¹⁾ Reflects data through second calendar quarter of 2012; most current available.

Table 8 shows taxable transactions by type of business for the Three BART Counties for the year ended December 31, 2011 (the most recent annual data available).

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Table 8
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
Alameda and Contra Costa Counties and the City and County of San Francisco
For Calendar Year 2011
(\$ 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	2,405,412	1,372,234	452,375
New Car Dealers	1,920,212	1,088,598	363,902
Used Car Dealers	171,060	93,764	12,467
Other Motor Vehicle Dealers	87,008	31,825	26,266
Auto. Parts, Accessories and Tire Stores	227,131	158,047	49,740
Furniture and Home Furnishings Stores	438,369	240,863	361,828
Furniture Stores	297,202	115,444	175,562
Home Furnishings Stores	141,167	125,419	186,266
Electronics and Appliance Stores	583,234	357,941	370,667
Appliance, T.V., and Other Electronics Stores	352,515	255,299	175,083
Computer and Software Stores	225,699	98,390	168,234
Camera and Photographic Supplies Stores	5,020	4,252	27,350
Bldg. Matrl. and Garden Equip. and Supplies	1,153,236	739,836	414,096
Building Material and Supplies Dealers	1,074,964	655,705	395,402
Lawn and Garden Equip. and Supplies Stores	78,271	84,131	18,694
Food and Beverage Stores	928,190	692,641	651,528
Supermarkets and Other Grocery Stores	650,414	524,251	476,472
Convenience Stores	70,135	59,734	31,067
Specialty Food Stores	27,886	17,233	28,149
Beer, Wine, and Liquor Stores	179,755	91,422	115,839
Health and Personal Care Stores	434,353	277,662	421,767
Pharmacies and Drug Stores	287,696	202,082	-
Health and Personal Care Stores	146,657	75,579	421,767
Gasoline Stations	2,135,182	1,522,725	626,887
Clothing and Clothing Accessories Stores	995,486	702,573	1,701,395
Men's Clothing Stores	27,868	23,972	34,051
Women's Clothing Stores	138,871	99,604	286,338
Family Clothing Stores, Accessories, and Other Stores	650,297	444,479	991,558
Shoe Stores	117,275	67,078	141,625
Jewelry, Luggage, and Leather Goods Stores	61,175	67,441	247,824
Sporting Goods, Hobby, Book, and Music Stores	484,909	303,397	365,751
Sporting Goods Stores	183,093	123,155	142,596
Hobby, Toy and Musical Instrument Stores	160,312	120,207	70,086
Book, Periodical, and Music Stores	141,504	60,035	153,069
General Merchandise Stores	1,810,195	1,443,317	768,818
Miscellaneous Store Retailers	955,440	396,831	634,994
Florists	17,329	7,702	29,476
Office Supplies and Stationery Stores	376,818	59,794	78,336
Gift, Novelty, and Souvenir Stores	50,541	27,933	129,778
Used Merchandise Stores	29,656	17,517	35,637
Other Miscellaneous Store Retailers	481,096	283,885	361,766
Nonstore Retailers	74,685	50,078	49,135
Food Services and Drinking Places	2,121,065	1,200,318	3,120,655
Full-Service Restaurants	975,972	586,774	2,116,980
Limited-Service Eating Places	975,279	540,358	623,934
Special Food Services	100,230	28,762	233,768
Drinking Places (Alcoholic Beverages)	69,584	44,424	145,973
Total Retail and Food Services⁽¹⁾	14,519,756	9,300,418	9,939,895
All Other Outlets⁽¹⁾	8,911,043	3,499,439	4,950,632
Total All Outlets⁽¹⁾	23,430,799	12,799,857	14,890,527

⁽¹⁾ Totals may reflect rounding.
Source: California State Board of Equalization.

Table 9 shows a comparison of taxable transactions among several large northern and southern California counties (including the Three BART Counties) and Statewide over the calendar years 2007 through 2011 (the most recent annual data available).

Table 9
COMPARISON OF TAXABLE TRANSACTIONS TRENDS
FOR MAJOR CALIFORNIA COUNTIES
Calendar Years 2007 Through 2011
(\$ in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>% Change (2010-2011)</u>
Three BART						
Northern Counties						
Alameda	\$25,831,140	\$23,862,957	\$20,430,195	\$21,541,741	\$23,430,799	8.8
Contra Costa	14,086,295	13,307,681	11,883,049	11,953,846	12,799,857	7.1
San Francisco	14,614,736	14,837,689	12,633,575	13,443,121	14,890,527	10.8
Total Three BART Counties	\$54,532,171	\$52,008,327	\$44,946,819	\$46,938,708	\$51,121,183	8.9
Other Northern Counties						
Sacramento	\$20,560,510	\$19,331,847	\$16,563,853	\$16,904,528	\$18,003,765	6.5
San Mateo	13,326,306	13,137,913	11,327,022	11,966,338	13,020,643	8.8
Santa Clara	33,663,448	32,274,306	27,427,709	30,523,322	33,431,217	9.5
Southern Counties						
Los Angeles	\$137,820,418	\$131,881,744	\$112,744,727	\$116,942,334	\$126,440,737	8.1
Orange	57,293,471	53,606,829	45,712,784	47,667,179	51,731,139	8.5
Riverside	29,023,609	26,003,595	22,227,877	23,152,780	25,641,497	10.7
San Bernardino	30,450,731	27,777,703	23,652,433	24,687,862	27,322,980	10.7
San Diego	47,485,988	45,329,136	39,728,657	41,623,636	45,090,382	8.3
Ventura	12,230,207	11,322,410	9,883,853	10,225,488	11,020,181	7.8
Statewide	\$436,386,859	\$412,673,810	\$452,492,945	\$477,347,986	\$520,568,055	9.1

Source: California State Board of Equalization.

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 2013C Bonds; (b) confirmations of ownership interest in the 2013C Bonds; or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2013C 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 Paying Agent 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 2013C 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 Paying Agent Agreement; or (4) any consent given or other action taken by DTC as registered owner of the 2013C Bonds.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2013C Bonds. The 2013C 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 2013C 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 2013C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013C Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2013C 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 2013C 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 2013C Bonds, except in the event that use of the book-entry system for the 2013C Bonds is discontinued.

To facilitate subsequent transfers, all 2013C 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 2013C 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 2013C Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2013C 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 2013C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents. For example, Beneficial Owners of 2013C Bonds may wish to ascertain that the nominee holding the 2013C 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 2013C 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 2013C 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 Paying Agent 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 2013C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2013C 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 Paying Agent, 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 Paying Agent, 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 Paying Agent, 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 2013C Bonds at any time by giving reasonable notice to the District or the Paying Agent. 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 2013C Bonds, the provisions of the Paying Agent Agreement relating to place of payment, transfer and exchange of the 2013C Bonds, regulations with respect to exchanges and transfers, bond register, Bonds mutilated, destroyed or stolen, and evidence of signatures of 2013C Bond Owners and ownership of 2013C Bonds will govern the payment, registration, transfer, exchange and replacement of the 2013C Bonds. Interested persons should contact the District for further information regarding such provisions of the Paying Agent Agreement.

APPENDIX F

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 The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A.), as paying agent (the “Paying Agent”) and as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$240,000,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2013 Series C (the “2013C Bonds”). The 2013C Bonds are being issued pursuant to Resolution No. 5221, adopted by the Board of Directors of the District on September 26, 2013, and according to the terms and in the manner set forth in the Paying Agent Agreement, dated as of May 1, 2005 (the “Master Paying Agent Agreement”), between the Issuer and the Paying Agent, as supplemented by the First Supplemental Paying Agent Agreement, dated as of July 1, 2007 (the “First Supplement”) and by the Second Supplemental Paying Agent Agreement, dated as of October 1, 2013 (the “Second Supplement” and, together with the Master Paying Agent Agreement and the First Supplement, collectively, the “Paying Agent Agreement”), each between the Issuer and the Paying Agent. The Issuer, the Paying Agent and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Paying Agent and the Dissemination Agent for the benefit of the Owners (as such term is defined in the Paying Agent Agreement) and the Beneficial Owners (as hereinafter defined) of the 2013C 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 Paying Agent 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 Bonds (including persons holding 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 Paying Agent and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent under this Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Paying Agent a written acceptance of such designation.

“Holder” shall mean the person in whose name any 2013C 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 2013C Bonds required to comply with the Rule in connection with offering of the 2013C 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.

“State” shall mean the State of California.

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

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, 2012, 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 Paying Agent 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(f).

(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 and the Paying Agent (if the Paying Agent is not 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 and the Paying Agent 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 to this Disclosure Agreement.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Paying Agent) the Paying Agent 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 November 5, 2013, relating to the 2013C Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they 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 2013C 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 2013C 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; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

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 2013C 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 2013C Bonds or other material events affecting the tax status of the 2013C Bonds;
2. Modifications to rights of 2013C Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the 2013C 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; or
7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(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 2013C Bonds pursuant to the Resolution.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate 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, the Paying Agent and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2013C Bonds. If such termination occurs prior to the final maturity of the 2013C 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 and the Paying Agent. 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. If at any time there is not any other designated Dissemination Agent, the Paying Agent shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Paying Agent and the Dissemination Agent may amend this Disclosure Agreement (and the Paying Agent and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided neither the Paying Agent nor the Dissemination Agent shall 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 2013C 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 2013C 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 does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2013C 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, the Dissemination Agent or the Paying Agent to comply with any provision of this Disclosure Agreement, the Paying Agent may (and, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) (but only to the extent funds in an amount satisfactory to the Paying Agent 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 Paying Agent whatsoever, including, without limitation, fees and expenses of its attorneys), or any Owner or Beneficial Owner of the 2013C Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, the Dissemination Agent or the Paying Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not constitute a default on the 2013C Bonds or under any other document relating to the 2013C Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Paying Agent or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Paying Agent and Dissemination Agent. Article VII of the Paying Agent Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Paying Agent Agreement and the Paying Agent and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Paying Agent thereunder. The Dissemination Agent (if other than the Paying Agent or the Paying Agent in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in the Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Paying Agent 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 under this Disclosure Agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Paying Agent's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided under this Disclosure Agreement 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 under this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Paying Agent or the Dissemination Agent and payment of the 2013C Bonds.

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 Paying Agent or the Dissemination Agent:
The Bank of New York Mellon Trust Company, N.A.
550 Kearny Street, Suite 600
San Francisco, California 94108
Attention: Corporate Trust Administration
Telephone: (415) 263-2416
Fax: (415) 399-1647

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 Paying Agent, the Dissemination Agent, the Participating Underwriters, Owners and Beneficial Owners from time to time of the 2013C Bonds, and shall create no rights in any other person or entity.

SECTION 15. 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: November 21, 2013.

SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT

By _____
Controller/Treasurer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N. A.,
as Paying Agent and Dissemination Agent

By _____
Authorized Officer

Exhibit A to the Continuing Disclosure Agreement

NOTICE TO MSRB OF
FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Francisco Bay Area Rapid Transit District
Name of 2013C Bond Issue: San Francisco Bay Area Rapid Transit District General
Obligation Bonds (Election of 2004), 2013 Series C
Date of Issuance of 2013C Bonds: November 21, 2013

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 _____, 2013, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as paying agent and dissemination agent. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N. A.,
as Paying Agent on behalf of the San Francisco
Bay Area Rapid Transit District

cc: Issuer

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Closing]

San Francisco Bay Area
Rapid Transit District
Oakland, California

Re: San Francisco Bay Area Rapid Transit District General Obligation Bonds
(Election of 2004), 2013 Series C

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Francisco Bay Area Rapid Transit District (the “District”) in connection with the issuance of \$240,000,000 aggregate principal amount of bonds designated as “San Francisco Bay Area Rapid Transit District General Obligation Bonds (Election of 2004), 2013 Series C” (the “2013C Bonds”), representing part of an issue in the aggregate principal amount of \$980,000,000, authorized at an election held in the District on November 2, 2004. The 2013C Bonds are issued under and pursuant to the provisions of Part 2 of Division 10 of the Public Utilities Code of the State of California, commencing with Section 28500 (the “Act”) and other applicable law, and a resolution of the Board of Directors of the District adopted on September 26, 2013 (the “Resolution”), and in accordance with the terms of a Paying Agent Agreement, dated as of May 1, 2005, as supplemented by the First Supplemental Paying Agent Agreement, dated as of July 1, 2007, and by the Second Supplemental Paying Agent Agreement, dated as of October 1, 2013 (collectively, the “Paying Agent Agreement”), each between the District and The Bank of New York Mellon Trust Company, N.A. (successor to The Bank of New York Trust Company, N.A.), as paying agent (the “Paying Agent”).

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, the Tax Certificate of the District dated the date hereof (the “Tax Certificate”), opinions of counsel to the District and others, certificates of the District, the Paying Agent, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement and the Tax Certificate, including

(without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2013C Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2013C Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated November 5, 2013, or other offering material relating to the 2013C Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2013C Bonds constitute the valid and binding obligations of the District.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The Paying Agent Agreement has been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other party thereto, constitutes a valid and binding obligation of the District.
4. The Board of Directors of the District has the power and is obligated to cause the levy of *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the 2013C Bonds and the interest thereon.
5. Interest on the 2013C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the 2013C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2013C Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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