S.E.C. RULE 15c2-12

NOTICE OF SPECIFIED EVENT

San Francisco Bay Area Rapid Transit District (the "District" or "BART") hereby provides notice of the following event (the "Specified Event") related to the following bond issues:

Issues: San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series A (the "Series 2012A Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable) (the "Series 2012B Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2015 Refunding Series A (the "Series 2015A Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2016 Refunding Series A (the "Series 2016A Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2017 Refunding Series A (Green Bonds) (the "Series 2017A Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2017 Refunding Series B (Federally Taxable) (Green Bonds) (the "Series 2017B Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2019 Series A (the "Series 2019A Bonds")

San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2019 Refunding Series B (Federally Taxable) (Green Bonds) (the "Series 2019B Bonds" and, together with the Series 2012A Bonds, the Series 2012B Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2019A Bonds, the "Sales Tax Revenue Bonds")

Specified Event:

S&P Global Ratings ("S&P"), has published a rating for BART's Sales Tax Revenue Bonds. The Rating Notice is attached hereto as Exhibit A. S&P has affirmed its rating on BART's outstanding Sales Tax Revenue Bonds at "AA+" and revised its outlook from negative to stable. S&P had previously revised their outlook for all mass transit credits with priority lien revenues on March 27, 2020, reflecting the potential risk that effects of the COVID-19 pandemic posed to sales tax revenues and overall operating performance. In connection with this revision, S&P had assigned BART's AA+ rating a negative outlook.

The Sales Tax Revenue Bonds are secured by BART's sales tax revenues, consisting of 75% of a 0.5-cent sales tax collected within the district (the remaining 25% is distributed to the Metropolitan Transportation Commission). The California Department of Tax and Fee Administration (CDTFA) collects the District's sales tax and distributes the sales tax to the bond trustee. After setting aside amounts necessary to pay debt service, the Bond Trustee releases the remaining sales tax revenues for BART's operating and capital funds.

BART's outstanding Sales Tax Revenue Bonds are also currently rated "AA+" by Fitch Ratings.

Other Matters:

This notice is provided solely for the purposes of the Continuing Disclosure Agreements delivered in connection with the above-referenced Sales Tax Revenue Bonds. The filing of this notice does not constitute or imply any representation: (i) that the foregoing Specified Event is material to investors; (ii) regarding any other financial, operating or other information about the District or the Bonds; or (iii) that no other circumstances or events have occurred or that no other information exists concerning the District, the Bonds or the Specified Event, which may have a bearing on the District's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. No assurance can be given that S&P will not take any further action with respect to the rating or that any rating will not subsequently be revised or withdrawn entirely if, in the judgment of S&P, circumstances so warrant.

Dated: March 25, 2021

SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT

By: Christopher S. Gan
Christopher Gan
Interim Controller-Treasurer

4165-3302-6860.2

EXHIBIT A

(See attachment)

S&P Global Ratings

RatingsDirect®

Summary:

San Francisco Bay Area Rapid Transit District, California; Sales Tax

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Credit Profile		
San Francisco Bay Area Rapid Transit District Sales Tax Rev Bnds		
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San Francisco Bay Area Rapid Transit District sales tax rev rfdg bnds ser 2016A due 07/01/2036		
Long Term Rating	AA+/Stable	Outlook Revised

Rating Action

S&P Global Ratings revised its outlook to stable from negative and affirmed its 'AA+' long-term rating on San Francisco Bay Area Rapid Transit District (BART), Calif.'s outstanding sales tax revenue bonds.

The outlook revision reflects our view of BART's sustained very strong debt service coverage, despite a relatively moderate decline in pledged revenues in fiscals 2020 and 2021 related to the pandemic. We previously revised our outlook to negative on the district's sales tax bonds and other mass-transit operators (see our report "Mass Transit Agencies' Priority Lien Revenue Bond Outlooks Revised To Negative On Anticipated COVID-19 Pressures," published March 27, 2020) as a reflection of the potential risk that effects of the pandemic posed to sales tax revenue and overall operating performance. While we believe that some downside risk remains dependent upon the pace of recovery, we believe that the district's maintenance of very strong coverage and projections of improving economic conditions mitigate the risk for material deterioration in its credit quality. For information on the coronavirus' effect on U.S. public finance, see "Staying Home For The Holidays," published Dec. 2, 2020.

The bonds are secured by BART's sales tax revenue, consisting of 75% of revenue from a 0.5-cent sales tax collected within the district (the remaining 25% is distributed to the Metropolitan Transportation Commission). The California Department of Tax and Fee Administration (CDTFA) collects the district's sales tax along with the state and other local sales taxes and distributes the sales tax to the bond trustee prior to releasing it for BART's operating and capital funds. Additionally, we understand that BART has obtained third-party green bond verification that the 2017A, 2017B, and 2019B sales tax revenue bonds comply with the Climate Bond Standards Board's Low Carbon Land Transport Standard. BART's sales tax revenue bonds do not have a debt service reserve.

Credit overview

BART's credit profile benefits from the large, prosperous, and diverse economy of its three-county district covering the City and County of San Francisco as well as Alameda and Contra Costa counties. An economic hub of national and international importance, the local economy thrives as a major center for technology and financial services firms, among many other industries. The strength of the district's economy continues to support a pledged revenue stream that demonstrates low volatility relative to national peers and produces very strong debt service coverage on a consistent basis. While we note that BART has a very large 15-year capital improvement plan (CIP) that has several projects without identified funding, leaving potential for future issuances on the lien, management has indicated that it does not intend to bond down to its additional bonds test (ABT), which we consider adequate. Based on our stress testing and the district's historically resilient tax base, we believe coverage will remain at least very strong and that its underlying creditworthiness will continue to support the credit quality of its sales tax revenue bonds.

The rating further reflects what we view as:

- The very strong economic fundamentals of BART's three-county district, which lies in the heart of the large and prosperous San Francisco Bay Area economy;
- The historically low volatility of nationwide sales tax revenue, a view that extends to our opinion of BART's pledged sales tax revenue;
- Maximum annual debt service (MADS) coverage that is consistently very strong and that we expect will remain so, despite an additional bonds test (ABT) that requires MADS coverage of just 1.5x for additional debt issuance, which we consider adequate; and
- Our view that BART's general creditworthiness does not constrain the rating on its sales tax bonds.

Environmental, social, and governance (ESG) factors

We analyzed the district's ESG risks relative to its economy, financial measures, and debt profile. The rating incorporates our view of the elevated health and safety social risks posed by the COVID-19 pandemic, which we expect to continue to present financial and operational challenges in the short term, particularly if transit activity remains depressed. We consider BART exposed to elevated seismic risks, due to the multiple fault lines within its service territory. We note management has long-standing track record of actively managing these risks through risk assessments and infrastructure retrofits to bring rail lines and tunnels into compliance with evolving state codes. We consider the district's governance risks in line with our view of the sector standard.

Stable Outlook

Downside scenario

We could lower the rating if our view of the district's underlying creditworthiness were to deteriorate by multiple notches as a result of a material weakening in financial or economic metrics, or should MADS coverage decline to a level we no longer consider very strong due to pledged revenue decline or additional issuances on the lien.

Upside scenario

Given our view of BART's adequate ABT and the potential that, although unlikely, BART could issue additional sales tax bonds to a level that could suppress coverage to a level we no longer consider very strong, we do not expect to raise the rating.

Credit Opinion

Economic fundamentals: Very strong

The district covers a three-county service area: San Francisco, Contra Costa, and Alameda, with a combined population of approximately 3.7 million, as well as northern San Mateo County and a portion of Santa Clara County, though sales tax revenues are levied only in its three primary counties. Even as high housing costs and shifts in macroeconomic trends related to the pandemic have led to some out-migration, strong in-migration, especially from international destinations, has contributed to positive population growth in recent years, which is expected to continue. Employment growth in the district has been exceptionally strong in recent years, reflecting its continued presence as a major national and international hub, particularly for the technology and financial services industries, along with various heavy industries.

Reflecting the high level of economic prosperity within the district, the three-county overall per capita effective buying income (EBI) was 62% higher than the national level in 2020, per our calculations based on each county's contribution to the total district EBI figures, according to weighted average by population. Using a similar approach, we calculated that the service area's unemployment rate trended below the state and U.S. averages in the years immediately preceding the pandemic. Currently, the unemployment rate is projected at 5.8% for 2021, compared to a projected U.S. rate of 5.7%.

Revenue volatility: Low

We assess the volatility of pledged revenue to evaluate the likely availability of revenue across different economic cycles. We have two levels of volatility assessment: macro and micro. Our macro volatility assessment begins with an assessment of the historical volatility of the economic activity being taxed, and includes an analysis of societal, demographic, political, and other factors that could affect these activities. We use the variance of national economic activity that we believe most closely represents the taxing base over multiple economic cycles to inform our expectations of volatility. To determine our view of the volatility of sales taxes, we used total retail food and service sales data from the U.S. Census Bureau for the period 1993 to 2014.

On a micro level, we see no internal or external influences that improve or worsen our assessment of BART's pledged revenue volatility. While BART's pledged revenue has historically been influenced by recessionary pressures, it has rebounded relatively quickly, as evidenced by its three-year recovery from its nearly 18% cumulative decline during the Great Recession. Most recently, as a result of the reduction in consumer spending spurred by the pandemic, BART's pledged revenue declined by a relatively modest 4.8%. The district's budget projects an additional larger decline of 10.5% in fiscal 2021, although management indicated that revenues are currently tracking positively compared to budget. Through the first six months of fiscal 2021, BART's sales tax revenue was 7.3% lower than the same period in fiscal 2020. Of its three-county service area, San Francisco has shown the largest declines in revenue due in part to the large commercial presence and decline in tourism. However, this has been largely offset by more favorable collection rates in the other counties. Based on BART's multi-year forecasts, it expects modest growth in sales tax revenues in fiscal 2022 and 2023, which is in line with our economic forecasts.

The BART sales tax revenue does not sunset. The taxable transactions within the three counties span several categories and are not heavily concentrated within a single category. Motor vehicle and parts dealers, food services and drinking places, and gasoline stations typically represent the largest categories, each at less than 15% of total taxable transactions.

Coverage and liquidity: Very strong

Based on fiscal 2020 collections, the district's pledged revenue of $266.9 million provides 4.5x MADS coverage on the lien, which we consider very strong. Should pledged revenues fall to the fiscal 2021 budgeted amount of $239 million, we calculate that coverage would remain very strong at 4.03x.

We understand that BART has no plans to issue additional sales tax revenue bonds, and we expect its coverage will remain above the threshold for what we consider very strong. However, BART's ABT allows for additional debt to be issued, so long as historical revenue would produce 1.5x MADS coverage on existing and proposed bonds. Although we believe MADS coverage will likely remain very strong, the possibility that BART could issue additional debt to a level that materially suppresses coverage somewhat tempers the very strong coverage assessment.

Noting the ABT provisions as an offsetting factor, we cite several factors that inform our view that coverage will likely remain very strong. After the trustee funds annual debt service requirements from pledged revenue, it releases the remainder to BART to support operating and capital needs. In fiscal 2020, the pledged revenue represented nearly 20% of BART's total revenue. In our view, BART's reliance on pledged revenue to cover a significant portion of its expenses, after debt service, reduces the incentive to issue debt down to the level of the ABT.

In addition, given the strength of BART's coverage, either an extreme downturn in pledged revenue, a very large debt issuance, or some combination thereof would be required to reduce coverage to a level we no longer consider very strong. We estimate that a 225% increase in MADS, or a 55.6% decline in pledged revenue would still likely translate to 2x MADS coverage from fiscal 2020 revenue, according to our sensitivity analysis.

BART's sales tax bonds do not benefit from the additional security offered by debt service reserve funds. However, given the very strong coverage and a low revenue volatility assessment, there is no downward adjustment to the very strong coverage score that would indicate potential liquidity pressures.

Obligor linkage: Limited relationship

The CDTFA administers the collection and disbursement of the pledged sales tax revenue. Per the indenture, the CDTFA collects the pledged revenue and remits it directly to the trustee, after deducting its administrative fee. Each month, the trustee deposits one-sixth of semiannual interest requirements into an interest fund, and one-12th of annual principal requirements into a principal fund, before remitting surplus pledged revenue to BART.

As a mass transit operating entity, BART has demonstrated a willingness and ability to adjust operating expenses as it deems necessary, such as in times of budgetary and/or economic expenses. In our view, mass transit entities are generally unique compared with other issuers of priority-lien debt, in that they have the ability to scale back overall expenditures to make room for debt service payments without otherwise reducing their pledged revenue.

Although BART derives a larger portion of total revenue from fares than do many tax-backed transit systems, we believe BART maintains the ability to adjust its operating expenses without proportionately reducing its revenue. Labor, benefits, maintenance, and general operations of transit service make up the vast majority of BART's expenses. Even though nearly 50% of revenue comes from fares, we believe BART can preserve its financial flexibility by reducing service, if needed, given the nature of its operations and very strong nonoperating revenue sources.

Rating linkage to BART's general creditworthiness

We assess BART's general creditworthiness using our criteria "Global Not-For-Profit Transportation Infrastructure Enterprises," published Nov. 2, 2020, on RatingsDirect.

Our assessment reflects BART's very strong enterprise risk profile, strong financial risk profile, and the significant credit support provided by its tax revenue. BART entered the pandemic on stable financial and operational footing, supported by its role as an essential transit service provider for its five-county service area, several years of robust growth in its sales and property tax revenue streams, and bolstered by the board's track record of proactive rate adjustments that helped operating revenue keep pace with rising operating expenses, even as transit ridership levels declined. The rating further reflects our view of BART's market position, which we assess as very strong instead of extremely strong, given the sudden drop and sustained depression in ridership levels triggered by the ongoing COVID-19 pandemic and resulting from health and safety social risks and associated effects that are outside of management's control.

With monthly ridership levels hovering more than 85% below the prior year, through December 2020, the drop in revenue has been severe, as fares represented nearly half of BART's total revenue prior to the pandemic (46% in fiscal 2019, 49% in fiscal 2018). However, in fiscals 2020 and 2021, BART has received federal aid that, combined with management's actions to adjust service levels and reduce expenses throughout its budget, have enabled BART to cover its costs and maintain liquidity, albeit with a moderate drawdown in fiscal 2020. In total, BART has received $377 million in Coronavirus Aid, Recovery, and Economic Security (CARES) Act funds, $104 million in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) aid, and expects approximately $274 million in additional CRRSAA aid to be approved at the end of March 2021. Additionally, in March 2021, Congress passed the American Rescue Plan, which grants $30.5 billion to mass transit nationwide, a portion of which BART expects to receive.

For more information on our assessment of BART's general creditworthiness, see our report published March 10, 2021 on RatingsDirect.

Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Ratings Detail (As Of March 19, 2021)		
San Francisco Bay Area Rapid Transit District SALESTAX		
Long Term Rating	AA+/Stable	Outlook Revised