Transbay Joint Powers Authority
Annual Financial Report
Fiscal Year Ended June 30, 2021

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TRANSBAY JOINT POWERS AUTHORITY
SAN FRANCISCO, CALIFORNIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT

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TRANSBAY JOINT POWERS AUTHORITY
Nila Gonzales • Interim Executive Director

December 9, 2021

Board of Directors
Transbay Joint Powers Authority
San Francisco, California

I am pleased to present the Annual Financial Report of the Transbay Joint Powers Authority ("TJPA") for the year ended June 30, 2021, with the independent auditors' report. The TJPA is responsible for the accuracy of the data and for the completeness and fairness of its presentation. Our internal accounting controls provide reasonable assurance, rather than absolute assurance, that the financial statements are free of material misstatements. I believe that the reported data is accurate in all material respects and that its presentation fairly depicts the TJPA's financial position. I am confident that the included disclosures provide the reader with an understanding of the TJPA's financial affairs.

The records have been audited by Maze and Associates and are presented in the Basic Financial Statements. This letter of transmittal is designed to complement the Management's Discussion and Analysis ("MD&A") section of the Annual Financial Report. The MD&A provides a narrative overview and analysis of the Basic Financial Statements and is presented after the independent auditors' report.

Governance

The TJPA has primary jurisdiction with respect to all matters concerning the financing, design, development, construction, and operation of the Transbay Program. The TJPA is a joint exercise of powers authority whose members are the City and County of San Francisco, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, and the California High Speed Rail Authority. The TJPA is managed by TJPA staff and is overseen by an eight-member Board of Directors made up of representatives appointed by the member agencies and Caltrans (ex officio).

Overview

The Transbay Program (Program) is a multi-billion dollar transportation infrastructure investment that replaces the former Transbay Terminal at First and Mission streets in San Francisco with a state-of-the-art regional transit station designed to connect eight Bay Area counties and the State of California through eleven bus and rail systems: AC Transit, BART, Caltrain, Golden Gate Transit, Greyhound, San Francisco Municipal Railway (Muni), SamTrans, WestCAT Lynx, Amtrak, Paratransit, and future high-speed rail from San Francisco to Los Angeles. The Program consists of three interconnected elements:

- Replacing the former Transbay Terminal at First and Mission streets with the new Transit Center
- Providing the Downtown Rail Extension, an underground rail connection to bring high-speed trains and Caltrain commuter trains into the Transit Center
- Creating a new transit-oriented neighborhood with homes (at least 35 percent affordable), offices, parks, and shops surrounding the new Transit Center

The Program has two phases. Phase 1 includes the design and construction of the above-grade levels of the new Transit Center and its related components, including the core and shell of the below-grade train box, a bus ramp connecting the station to the San Francisco-Oakland Bay Bridge, a bus storage facility

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for off-peak bus layovers, a temporary terminal, and a utility relocation project to clear the area of utilities ahead of excavation.

Phase 2 includes the Downtown Rail Extension, which will extend Caltrain commuter rail from its current terminus at Fourth and King streets into the Transit Center and accommodate future high-speed rail service between San Francisco and Los Angeles. It also includes the build-out of the Transit Center's below-grade train station, a pedestrian connector to the Embarcadero BART/Muni Metro station, an intercity bus facility, and a new underground station at Fourth and Townsend streets.

Highlights

During the fiscal year, the TJPA accelerated work on the Downtown Rail Extension component of the Program. Among other things, the TJPA Board of Directors approved an accelerated work plan for the Downtown Rail Extension and approved an associated capital budget amendment of about $2.3 million. The budget amendment allows advances in project development and readiness, prepares for near-term funding opportunities, and enables the TJPA to target an August 2023 Federal Transit Administration funding submission date.

The ongoing COVID-19 pandemic continues to have a significant impact on the TJPA and its transit operator partners. Throughout the fiscal year, the Transit Center continued to provide essential transit services to the general public, before and after the gradual reopening of the State and City on June 15, 2021. The TJPA remains vigilant regarding the masking requirement of the Transportation Security Administration in transit areas of the facility (which exclude the rooftop park). The pandemic has caused significant impacts on the agency's operational revenues, particularly advertising revenues and as a result of requests to amend retail leases. But the TJPA is cautiously optimistic in prospects of operational revenues in the forthcoming months, given the gradual return of economic activities in the City and the Transit Center, including scheduled openings of tenants in the first half of 2022. The TJPA will continue to track the evolving pandemic situation.

During the fiscal year, TJPA completed the transfer of 7 land parcels of the temporary terminal site to the San Francisco Office of Community Investment and Infrastructure (OCII). Consistent with the Transbay Redevelopment Plan, major portions of the site will be dedicated to affordable housing and park/open space purposes; the TJPA's conveyance of the property to OCII was essential to meet the requirement that at least 35 percent of all new housing in the project area be permanently affordable.

TJPA staff and consultants have been working diligently to reduce the agency's potential financial exposure from legal claims. In October 2020, the TJPA and all other parties to the Millennium Tower litigation completed a global settlement, fully resolving all litigation involving the TJPA. The TJPA itself paid $30,000,000 for a complete release of claims against it relating to the movement of the Tower, with other parties contributing to the global settlement. The settlement does not determine who caused the movement of the tower or assign any responsibility to the TJPA. Furthermore, during the fiscal year, three claims between Webcor/Obayashi and TJPA regarding Phase 1 construction were resolved, resulted in a reduction of potential claims to TJPA by approximately $3 million.

Acknowledgements

I would like to express my appreciation to the Finance staff for their professionalism, dedication, and efficiency in the day-to-day operations and in the preparation of this report.

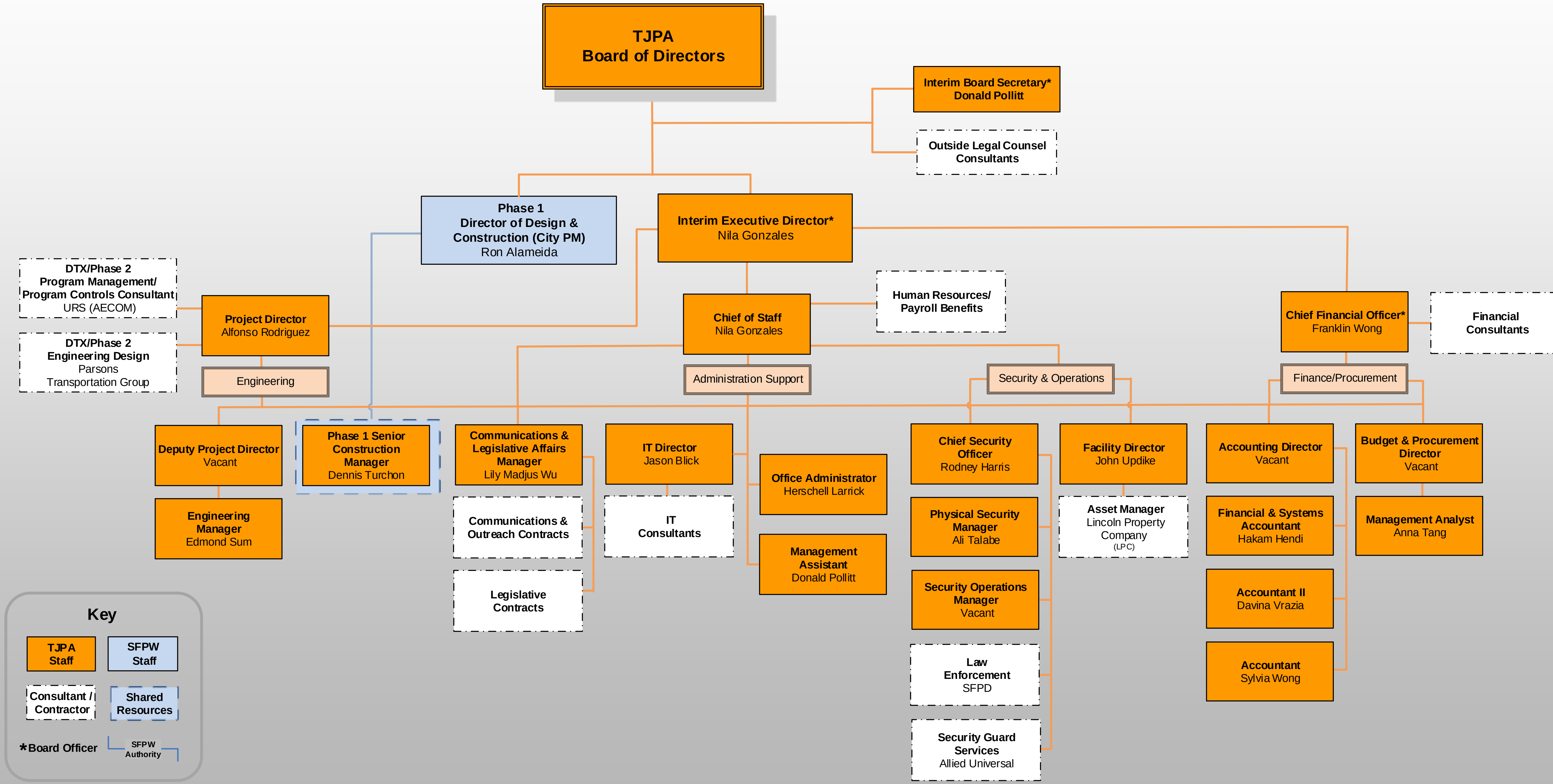
Respectfully submitted,

Franklin Wong
Chief Financial Officer

TRANSBAY JOINT POWERS AUTHORITY

TJPA Organization Chart

Oct 2021



INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
Transbay Joint Powers Authority
San Francisco, California

We have audited the accompanying financial statements of the business-type activities, of the Transbay Joint Powers Authority (TJPA), San Francisco, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise TJPA's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the TJPA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TJPA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of the TJPA as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TJPA's basic financial statements. The Introductory Section listed in the Table of is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Maze + Associates

Pleasant Hill, California
November 30, 2021

The following management discussion and analysis ("MD&A") provides a narrative overview of the Transbay Joint Powers Authority's ("TJPA") financial activities for the year ended June 30, 2021, with comparative information for the year ended June 30, 2020. The MD&A section is required by the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 34 and should be read in conjunction with the TJPA's basic financial statements, which follow this section.

The TJPA's financial activities are reported based on a twelve-month fiscal year, which starts on July 1 of one calendar year and ends on June 30 of the next calendar year; the fiscal year is named by the calendar year in which the fiscal year ends. Therefore, the basic annual financial statements presented in this report are for Fiscal Year 2021.

Purpose of the TJPA

The TJPA is a local government agency formed in 2001 in accordance with California Government Code to design, build, develop, operate and maintain a new regional transit terminal (the "transit center") and associated facilities in downtown San Francisco (collectively, the "Transbay Program"), replacing the former Transbay Terminal. An extension of rail lines for Caltrain and future California High Speed Rail from the current Caltrain San Francisco terminus at Fourth and King Streets to the transit center, referred to as the Downtown Rail Extension ("DTX") is the second phase ("Phase 2") of the Transbay Program. See Note 1 for additional information.

Financial Highlights

- At the close of the fiscal year, assets and deferred outflows of the TJPA exceeded its liabilities and deferred inflows, resulting in a net position of $2,027,405,199.
- TJPA experienced an operating loss of $139,545,350 primarily due to depreciating the transit center as an asset. Additionally, portion of the operating loss is attributable to related effects of the local and state Health Orders requiring shelter-in-place through June 15, 2021, due to COVID-19.
- TJPA was named as a defendant in lawsuits filed by the homeowners' association, the Millennium Tower Association Lawsuit. The parties participated in confidential mediation, and reached a global settlement in October 2020, resolving all litigations involving the TJPA. A payment of $30,000,000 for a complete release of claims against TJPA was made during the fiscal year, with other parties contributing to the global settlement. The settlement does not determine who caused the movement of the tower or assign any responsibility to the TJPA.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the TJPA's basic financial statements. The annual financial report for the TJPA includes this management's discussion and analysis ("MD&A"), the basic financial statements and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The TJPA is reported as an *enterprise fund*. Enterprise funds are a type of proprietary fund used to report information in a manner similar to a private-sector business. An enterprise fund is used to account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. Under the Joint Powers Agreement creating the TJPA, dated April 4, 2001, the new transit center and related facilities are to be managed and operated as an enterprise operation.

The basic financial statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Fund Net Position; and Statement of Cash Flows.

The *Statement of Net Position* presents information on all of the TJPA's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the TJPA is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents information showing how the TJPA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the cash inflows and outflows from operating activities, capital and related financing activities, and investing activities, and the resulting cash position at fiscal year-end.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* ("RSI") concerning the TJPA's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Financial Statement Analysis

In accordance with GASB requirements, a comparative analysis of financial data is presented in the following condensed formats to compare amounts from the current fiscal year (2021) to amounts from the prior fiscal year (2020).

TRANSBAY JOINT POWERS AUTHORITY
Management's Discussion and Analysis
(Required Supplementary Information-Unaudited)
For the Year Ended June 30, 2021

TJPA'S CONDENSED STATEMENTS OF NET POSITION

	2021	2020	Dollar Change	Percent Change
Assets:				
Current and other assets	$ 33,471,152	$ 31,423,215	$ 2,047,937	7%
Restricted assets	178,586,734	231,030,840	(52,444,106)	-23%
Capital assets	2,153,198,753	2,281,368,207	(128,169,454)	-6%
Total assets	2,365,256,639	2,543,822,262	(178,565,623)	-7%
Deferred outflows of resources:				
OPEB related	60,021	63,144	(3,123)	-5%
Pension related	473,371	513,313	(39,942)	-8%
Change in fair value of hedging derivative	-	1,271,100	(1,271,100)	-100%
Total deferred outflows of resources	533,392	1,847,557	(1,314,165)	-71%
Liabilities:				
Current and other liabilities	43,123,184	79,923,598	(36,800,414)	-46%
Tax Allocation Bonds	290,810,955	300,936,435	(10,125,480)	-3%
Intergovernmental liability to the City for:				
re-conveyance of State transferred land	4,364,206	18,414,675	(14,050,469)	-76%
Total liabilities	338,298,345	399,274,708	(60,976,363)	-15%
Deferred inflows of resources:				
OPEB related	40,200	44,386	(4,186)	-9%
Pension related	46,287	56,054	(9,767)	-17%
Total deferred inflows of resources	86,487	100,440	(13,953)	-14%
Net position:				
Net investment in capital assets	1,790,013,201	1,789,978,920	34,281	0%
Restricted				
Construction of Transit Center and DTX	155,255,210	212,820,978	(57,565,768)	-27%
Debt service	22,838,064	18,121,701	4,716,363	26%
Unrestricted	59,298,724	125,373,072	(66,074,348)	-53%
Total net position	$ 2,027,405,199	$ 2,146,294,671	$ (118,889,472)	-6%

Total net position on June 30, 2021 includes net investment in capital assets, which is comprised of the network of assets described as, the transit center, prior to depreciation, of $2,153,744,775, construction in progress of $71,567,704, land scheduled to be permanently and temporarily retained by the TJPA of $164,595,641, and permanent easements of $137,374. The construction in progress includes construction, construction management, program management, and administrative costs necessary to support the development of the transit center additions (tenant improvements) and DTX.

In addition to the capital asset, $155,255,210 restricted for construction, is a combination of bond proceeds from Tax Allocation Bonds ("TABs") and Community Facilities Districts ("CFDs"), net tax increment, land sales for the continued construction of the transit center and DTX, and reserves for capital replacements.

$22,838,064 of current year net position includes bond proceeds restricted for debt service reserves attributable to the Series 2020 Tax Allocation Bonds. Total current year net position also includes $59,298,724 in unrestricted net position, which is derived primarily from the TJPA's land assets and minimal amounts of unrestricted cash.

The $2,047,937 net increase in current and other assets resulted primarily from approximately $1.6 million in anticipated Regional Measure 3 ("RM-3") from Metropolitan Transportation Commission ("MTC"), and an additional receivable of about $1.5 million from San Francisco County Transportation Authority ("SFCTA") due to the increased reimbursement of Proposition K funding to DTX's accelerated work, which were partially offset by about $1.2 million decrease in other accounts receivables.

The $52,444,106 decrease in restricted assets resulted primarily from the payment of a $30 million settlement, as described in the Financial Highlights section, as well as the use of bond proceeds and net tax increment revenues on capital assets and other activities. The changes in deferred outflows of resources and deferred inflows of resources are due to accounting treatment of pension amounts, and the maturity of a derivative instrument, purchased to protect against rising interest rates under the interim City financing.

The net decrease of $36,800,414 in current and other liabilities resulted primarily from a $30,000,000 decrease in settlement liability, a $3,079,953 decrease in retainage payable, a $2,276,797 decrease in accounts payable, and a $1,481,471 decrease in intergovernmental payables. In addition, liabilities decreased by $60,976,363 due to the paydown of the Tax Allocation Bonds, and the conveyance of land parcels to the City and County of San Francisco.

TJPA'S CONDENSED STATEMENTS OF CHANGES IN NET POSITION

	2021	2020	Dollar Change	Percent Change
Operating income				
Operating revenues	$ 15,570,228	$ 13,497,714	$ 2,072,514	15%
Operating expenses	(155,115,578)	(153,640,778)	(1,474,800)	1%
Operating income (loss)	(139,545,350)	(140,143,064)	597,714	0%
Nonoperating revenues (expenses)				
Operating grant				
Revenue	9,707,914	10,261,312	(553,398)	-5%
Expenses	-	-	-	n/a
Net operating grant	9,707,914	10,261,312	(553,398)	-5%
Contribution from AC Transit for				n/a
Investment income (loss)	(645,737)	1,602,330	(2,248,067)	-140%
Miscellaneous revenues	1,265,363	-	1,265,363	n/a
Net tax increment revenue	24,523,630	21,382,367	3,141,263	15%
CFD impact fee revenue	-	2,000,000	(2,000,000)	n/a
Land contribution to City & County of San Francisco	(21,486,559)	-	(21,486,559)	n/a
Total nonoperating revenues	13,364,611	35,246,009	(21,881,398)	-62%
Income before capital contributions	(126,180,739)	(104,897,055)	(21,283,684)	20%
Capital contributions				
Federal government capital grants	-	18,622	(18,622)	n/a
Local government capital grants	4,139,701	1,020,113	3,119,588	306%
CFD reimbursements	-	177,931,344	(177,931,344)	n/a
Other capital contributions	3,151,566	13,224,840	(10,073,274)	-76%
Total capital contributions	7,291,267	192,194,919	(184,903,652)	-96%
Change in net position	(118,889,472)	87,297,864	(206,187,336)	-236%
Net position- beginning	2,146,294,671	2,058,996,807	87,297,864	4%
Net position- ending	$ 2,027,405,199	$ 2,146,294,671	$ (118,889,472)	-6%

Operating revenues

The source of Fiscal Year 2021 operating revenues of $15,570,228 was comprised primarily of Operator contributions, naming rights revenue, lease and rental revenues, Community Benefits District ("CBD") revenue, and advertising revenues combined with cellular antennae licensing agreement revenue for the transit center. The increase in operating revenues of $2,072,514 is due to mainly the Operator contributions and miscellaneous revenues. $155,115,578 in operating expenses were comprised of $121,751,508 in depreciation expense, $11,300,788 in debt service and $22,063,282 in operations and program management funded from operating revenues and operating grants.

Nonoperating revenues

The TJPA funds facility management and related operating expenses from a combination of MTC Regional Measure 2 ("RM-2") operating grant and RM-3 anticipated revenues, as well as one-time Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES") Act funding to mitigate the economic impact of the COVID-19 pandemic. Total Fiscal Year 2021 operating grant revenues were $9,707,914.

The Fiscal Year 2021 investment loss of $645,737 is attributable mainly due to the termination of an interest rate cap derivative instrument on July 1, 2020, with a payment of $1,260,000 (see Note 5 for additional information), as well as lower investment yields. Net tax increment revenues increased by $3,141,263, due to new property values being assessed and added to the property tax rolls for the former state-owned properties. CFD impact revenues decreased by $2,000,000 due to a reduction in development activity and subsequent reduction of impact fees collected in the Transbay Transit Center District and allocated to the TJPA.

Capital contributions

For the year ended June 30, 2021, the TJPA received $7,291,267 in capital contributions. The decrease in capital contributions from the prior fiscal year is directly attributable to CFD reimbursements, with the City's sale of the third tranche of CFD bonds in the prior fiscal year used to repay the remaining amounts of the interim City Financing. Other capital contributions are based on reimbursement of eligible capital expenses, which fluctuate between fiscal years. The $10,073,274 decrease in other capital contributions is mainly due to the completion of the construction work in Phase 1 capital expenditures.

Budgetary Highlights

Quarterly budget-to-actual reports are presented to the TJPA Board of Directors ("TJPA Board") by the TJPA Chief Financial Officer. During the fiscal year, amendments each to the Operating Budget and Capital Budget were approved. These amendments transferred amounts amongst line items but did not increase total appropriations. The Capital Budget Amendment No. 1, approved in April 2021, increased the Phase 2 Budget by approximately $2.3 million to allow DTX in pursuance of an accelerated work plan.

Capital Asset and Debt Administration

Capital assets

The TJPA's investment in capital assets as of June 30, 2021 amounts to $2,153,198,753. This investment in capital assets includes land, easements, information technology, transit center, tenant improvements, equipment and construction in progress. Major capital asset events during the fiscal year included the following:

- With the completion of construction activities at the transit center, construction related activities remaining are construction contract close-out and claims resolutions.
- With two full years of operations, the transit center is a depreciable capital asset with a useful life of 5-50 years and as such has been depreciated by $241,210,947.

See Note 4 for additional information on the TJPA's capital assets.

Long-term debt
At the end of the current fiscal year, the TJPA had total debt outstanding of $303,625,955. All of the debt is due to the 2020 tax allocation bonds that refinanced the $186,128,592 of TIFIA loan debt. See Note 5 for more detailed information on the TJPA's long-term debt.

Next Year's Budgets

The TJPA Board approved the Fiscal Year 2022 budgets on June 10, 2021.

The Operating budget totals $28.5 million in revenues and expenses. Approximately a third of the revenues will be provided by RM-2 and RM-3 operating funds. The remainder will be covered through transit center revenues and contributions from the Primary Tenants of the transit center, AC Transit and SFMTA. Expenses include a facility management contract, and other expenses directly related to the transit center such as security, operations, and maintenance at the transit center totaling $28.5 million.

The Debt Service Budget totals $30.2 million for debt payments and reserves due to the Series 2020 tax allocation bonds.

The TJPA's Fiscal Year 2022 Capital Budget of $71.3 million anticipates expenses for Phase 1 close-out, Phase 2 (DTX) design and oversight, and Tenant Improvement construction. Revenues will be provided primarily by the following sources: 2020 tax allocation bond proceeds, bond proceeds from CFD reimbursements, the funding identified in the expenditure plan approved by the voters for the half cent sales tax for transportation in San Francisco ("Prop K"), Transit Center District Impact Fees, and interest income and reimbursements.

The main components of the Capital Budget are DTX engineering of $30.3 million, Phase 1 construction close-out of $22.7 million, and Tenant Improvement construction activities in the transit center of $18.3 million.

The Fiscal Year 2022 budgets are explained in detail in the Staff Reports which were submitted with the Fiscal Year 2022 budget presentations, and can be found on the TJPA website for the May 13 and June 10, 2021 TJPA Board meetings.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Transbay Joint Powers Authority, 425 Mission Street, Suite 250, San Francisco, California 94105.

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BASIC FINANCIAL STATEMENTS

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Transbay Joint Powers Authority
Statement of Net Position
June 30, 2021

Assets:	
Current assets:	
Cash and equivalents	
Cash in banks	$ 1,575,468
Cash in State of California pool	11,519,263
Total cash and cash equivalents	13,094,731
Receivables:	
Metropolitan Transportation Commission	4,076,728
San Francisco County Transportation Authority	1,881,233
AC Transit	70,528
Accounts receivable	13,367,778
Total receivables	19,396,267
Other current assets:	
Prepaid items	924,951
Security deposits held by others	435
Total other current assets	925,386
Total current assets	33,416,384
Noncurrent assets:	
Restricted assets:	
Cash	39,270,668
Restricted cash for construction of the Transit Center	195,664
Cash in State of California Pool	63,526,619
Investments	75,593,783
Interest receivable	-
Interest rate cap	-
Total restricted assets	178,586,734
Other noncurrent assets:	
Net OPEB asset	54,768
Total other noncurrent assets	54,768
Capital assets, nondepreciable:	
Land	164,595,641
Permanent easements	137,374
State transferred land to be re-conveyed to the City and County of San Francisco	4,364,206
Construction in progress:	
Caltrain Downtown Extension	70,626,707
Parcel F	940,997
Total nondepreciable capital assets	240,664,925
Capital assets, depreciable:	
Information technology	11,716,527
Transbay Transit Center	2,095,245,929
Tenant Improvements	46,103,573
Equipment	678,746
Less: Accumulated depreciation	(241,210,947)
Total depreciable capital assets	1,912,533,828
Total noncurrent assets	2,331,840,255
Total assets	**2,365,256,639**
Deferred outflows of resources:	
OPEB related	60,021
Pension related	473,371
Total deferred outflows of resources	**533,392**

See accompanying notes to the financial statements

Transbay Joint Powers Authority
Statement of Net Position
June 30, 2021

Liabilities:	
Current liabilities:	
Accounts, contracts and intergovernmental payables	7,712,956
Accrued payroll	87,487
Retainage payable	17,600,308
AC Transit	143,089
State of California	1,462
Accrued interest payable	2,955,174
Unearned revenue	168,167
Deposits payable	351,070
Tax allocation bonds	12,815,000
Total current liabilities	41,834,713
Noncurrent liabilities:	
State transferred land to be reconveyed	4,364,206
Tax allocation bonds	290,810,955
Compensated absences, accrued vacation	277,591
Net pension liability	1,010,880
Total noncurrent liabilities	296,463,632
Total liabilities	**338,298,345**
Deferred inflows of resources:	
OPEB related	40,200
Pension related	46,287
Total deferred inflows of resources	**86,487**
Net position:	
Net investment in capital assets	1,790,013,201
Restricted:	
Construction of Transit Center	155,255,210
Debt Service	22,838,064
Unrestricted	59,298,724
Total net position	**$ 2,027,405,199**

See accompanying notes to the financial statements

Transbay Joint Powers Authority

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2021

Operating revenues:		
Neutral host distributed antennae system revenue	$	122,703
Naming rights revenue		3,037,567
Community Benefits District revenue		738,315
Reimbursements from others		968,715
Lease revenue		1,595,459
Other rental revenue		1,000,740
Advertising revenue		8,016
Operator contributions:		
SFMTA		1,765,648
AC Transit		5,025,308
Miscellaneous revenue		1,307,757
Total operating revenues		**15,570,228**
Operating expenses:		
Personnel services		2,060,113
Materials and supplies		314,012
Utilities		1,316,536
Debt service		11,300,788
Other expenses		3,488,911
Facility management		1,244,687
Security		6,332,063
Insurance		1,382,340
Maintenance		4,375,900
Marketing & wayfinding		579,923
Park expenses		968,797
Depreciation expense		121,751,508
Total operating expenses		**155,115,578**
Operating loss		**(139,545,350)**
Nonoperating revenues and expenses:		
Operating grant revenue		9,707,914
Investment income (loss)		(645,737)
Miscellaneous revenues		1,265,363
Land contribution to City and County of San Francisco		(21,486,559)
Net tax increment revenue		24,523,630
Total nonoperating revenues and expenses		**13,364,611**
Income before capital contributions		**(126,180,739)**
Capital contributions:		
Local government capital grants:		
Regional Measures, bridge tolls		4,139,701
Other capital contributions		3,151,566
Total capital contributions		**7,291,267**
Change in net position		(118,889,472)
Net position, beginning of year		2,146,294,671
Net position, end of year	**$**	**2,027,405,199**

See accompanying notes to the financial statements

Transbay Joint Powers Authority

Statement of Cash Flows

For the Year Ended June 30, 2021

Cash flows from operating activities:	
Cash receipts from rental revenues	$ 1,000,740
Cash receipts from Transit Center neutral host distributed antennae system revenues	122,703
Cash receipts from Transit Center naming rights revenue	3,037,567
Cash receipts from Community Benefits District revenue	738,315
Cash receipts from lease revenue	1,595,459
Cash receipts from operator contributions	6,790,956
Cash payments to employees for salaries and benefits	(1,668,893)
Cash payments to suppliers for goods and services	(78,698,202)
Other receipts (payments)	(5,737,553)
Net cash used for operating activities	(72,818,908)
Cash flows from noncapital financing activities:	
Net tax increment revenue received	24,523,630
Operating grant	9,707,914
Open Space Impact Fee	-
Deposits received (paid)	158,304
Net cash provided by noncapital financing activities	34,389,848
Cash flows from capital and related financing activities:	
Local government capital grants received	4,139,701
Other capital contributions received	3,151,566
Acquisition of capital assets	(24,354,673)
Net cash used for capital and related financing activities	(17,063,406)
Cash flows from investing activities:	
Purchases of investment securities	352,987,153
Proceeds from maturities of investment securities	(350,810,278)
Net change in fair market value of investments and loss on sale of investments	(645,737)
Net cash used for investing activities	1,531,138
Net Increase in Cash and Cash Equivalents	(53,961,328)
Cash and Cash Equivalents, Beginning of Year	170,049,010
Cash and cash equivalents, end of year	**$ 116,087,682**
Cash and cash equivalents, end of year:	
Cash and cash equivalents, unrestricted	$ 13,094,731
Cash and cash equivalents, restricted	102,992,951
Cash and cash equivalents, end of year	**$ 116,087,682**

(Continued on next page)

See accompanying notes to the financial statements

Transbay Joint Powers Authority

Statement of Cash Flows

For the Year Ended June 30, 2020

Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	$	(139,545,350)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		121,751,508
Accounts receivables		(1,988,688)
Prepaid items and deposits		(826,946)
Increase in refundable deposits		8,236
Increase (decrease) in:		
Pensions, OPEB and related deferrals		352,656
Accrued payroll		(3,705)
Unearned revenue		(6,033,353)
Accounts payable		(16,575,535)
Settlement payable		(30,000,000)
Compensated absences		42,269
Net cash provided by (used for) operating activities	$	(72,818,908)
Supplemental disclosures of cash flow information		
Noncash capital financing activities:		
Acquisition of capital assets on accounts	$	4,815,846

See accompanying notes to the financial statements

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NOTE 1 – ORGANIZATION

In April 2001, the City of San Francisco ("the City"), Alameda - Contra Costa Transit District ("AC Transit"), and the Peninsula Corridor Joint Powers Board ("PCJPB") entered into an agreement creating the Transbay Joint Powers Authority ("TJPA") to design, develop, finance, build, operate and maintain the transit center and DTX. In November 2017, the California High-Speed Rail Authority was added as a new member agency of the TJPA based on the unanimous concurrence of the original member agencies (the original member agencies and new member agency referred to collectively as "Member Agencies"). The 8-member TJPA Board is composed of a director appointed by each of the following:

Alameda-Contra Costa Transit District
California High-Speed Rail Authority
City and County of San Francisco, Board of Supervisors (2 members)
City and County of San Francisco, Mayor's Office
San Francisco Municipal Transportation Agency
Peninsula Corridor Joint Powers Board
State of California Department of Transportation (ex-officio)

The Member Agencies of the TJPA have granted to the TJPA most of their jointly held powers, including the authority to buy and sell property, to enter into contracts, and to accept and expend grants of cash and property. The TJPA's management functions include contract oversight, policy direction, financing, investment supervision, and coordinating and collaborating with, among others, the U.S. Department of Transportation, the State and local entities including but not limited to the Member Agencies.

Based upon the TJPA Board's adopted implementation plan, the Transbay Program is divided into two phases: the design and construction of the transit center, including the core-and-shell of the rail levels, as Phase 1, and the design and construction of the DTX as Phase 2. Phase 1 was completed in Fiscal Year 2020. Phase 2 is at approximately a 30 percent design level; final design and construction will commence when the required revenues and financing have been secured.

The TJPA is legally separate and financially independent and is not considered a component unit of the State, California High-Speed Rail Authority, the City, AC Transit, or the PCJPB. Therefore, these financial statements represent solely the activities, transactions and status of the TJPA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The TJPA is a single enterprise fund. The activities of the TJPA are reported using the economic resources measurement focus and its records are maintained on the accrual basis of accounting. Under this method, revenues are recorded when earned and Program capital outlay and operating expenses are recorded when the related liability is incurred.

The TJPA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. In fiscal year 2021, the principal operating revenues of the TJPA are comprised of operator contributions, revenues from neutral host distributed antennae system, naming rights, rentals and leases and the Community Benefits District reimbursements ("CBD"). Operating expenses for the TJPA include the cost of operations and administrative expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As noted above, nonoperating revenues result from an operating grant, impact fees, net tax increment revenue, as well as investment. Capital grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures are incurred.

Net Position Flow of Assumptions

When Program costs are incurred, if there is both restricted and unrestricted net position available to finance the costs, it is the TJPA's policy to first apply restricted grant and revenue sharing resources to such Program costs.

Unearned Revenue

Resource inflows that do not yet meet the criteria for revenue recognition are recorded as unearned revenue. Capital contribution revenue from the TJPA's expenditure-driven grants and from other contributors such as adjacent property developers or tenants is recognized only when qualifying expenditures are incurred or the rental period begins. At June 30, 2021, the total amount of unearned revenue is $168,167 which is primarily from prepaid rent from various tenants.

Prepaid Items

Resource outflows that do not yet meet the criteria for expenditure recognition, in that they benefit a future fiscal period, are recorded as prepaid items. At June 30, 2021, the total amount of prepaid items is $924,951.

Security Deposits Payable

The TJPA may require deposits from tenants of TJPA-owned rental property, the temporary terminal, and the transit center. Deposits may also be required from adjacent property developers for temporary leasing of access easements.

Cash and Equivalents, and Investments

The TJPA reports demand deposits, deposits in investment pools, money market funds, and all other highly liquid investments with a maturity of twelve months or less when purchased as cash equivalents or investments at cost. Investments that are not highly liquid, or had maturities longer than twelve months at purchase, would be reported at fair value derived from the investment account statements.

All deposits are made in TJPA Board-designated official depositories. Investments are made per the TJPA Investment Policy, also approved by the TJPA Board. For more information on cash and investments, see Note 3.

Restricted Assets

Restricted assets consist of cash and investments that are held in trust as well as other assets that are restricted for specific purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The TJPA generally defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Land, including land transferred by the State that may be re-conveyed to the City or the Office of Community Investment and Infrastructure ("OCII") for future use or sale, and permanent easements are recorded as non-depreciable capital assets. Information technology, transit center, and DTX capital asset costs are classified as construction in progress until such assets are completed and placed in service, at which time the TJPA will commence recording depreciation expense on depreciable capital assets.

All construction in progress costs associated with the planning and construction of the Program that are not directly associated with either the transit center or the DTX are accumulated as indirect program-wide costs. The annual increase in accumulated indirect program-wide costs is allocated to the transit center and DTX based on the respective percentage increase of annual direct costs of each project and capitalized.

Non-depreciable land capital assets include the cost of the land and associated acquisition costs. Under the TJPA's capital asset policy, land costs include the following in addition to the actual acquisition costs: title and closing costs; relocation services, consultation and assistance; appraisal services; environmental consulting; land surveys; and site preparation including demolition.

Capital Contributions

The TJPA receives expenditure-driven restricted capital grants from the federal, state and local governments. Capital grants and contributions from external sources are recognized as capital contributions earned when the related allowable expenditures are incurred.

Contributions of donated noncash, nonland assets are recorded at estimated acquisition value in the period received as in-kind contributions.

Federal and state grants, State-conveyed land scheduled to be retained by the TJPA, grants from local agency shared revenues, and in-kind contributions for the Transbay Program are reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position as capital contributions.

Net Position

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the Statement of Net Position is classified as Net Position and is subdivided into the following three categories:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position-Net investment in capital assets

This component of net position consists of capital assets, net of related debt and of accumulated depreciation (when applicable), reduced by obligations to re-convey State-transferred land. At June 30, 2021, the TJPA has $303,625,955 in debt related to acquisition of capital assets. In addition, the TJPA had retention and accounts payable related to acquisition of capital assets in the amount of $4,815,846. Total invested in capital assets net of related debt is $1,790,013,201.

Net Position-Restricted

Restricted net position has external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net position.

Restricted net position at June 30, 2021 is as follows:

Net position - restricted		
Restricted for construction	$	155,255,210
Restricted for debt service		22,838,064
Total restricted net position	$	178,093,274

Net Position-Unrestricted

This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”. At June 30, 2021, unrestricted net position is $59,298,724.

Pensions and OPEB

For purposes of measuring the net pension liability or net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the California Public Employees Retirement System (“CalPERS”) plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension and OPEB plan investments are reported at fair value.

Deferred inflows and outflows of resources are reported in accordance with generally accepted accounting principles. Deferred outflows of resources represent a consumption of net position that applies to a future period and thus will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until that time. See Note 6 for detailed information on the TJPA’s pension and OPEB benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments

The TJPA's interest rate cap is accounted for in accordance with generally accepted accounting principles, and the change in fair value of the hedging derivative instrument is reported as in the Statement of Revenue, Expenses and Changes in Fund Net Position. TJPA's interest rate cap was terminated during fiscal year 2021. See Note 5 for further discussion of the TJPA's interest rate cap.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The TJPA's investment policy allows the TJPA to invest cash balances in insured savings or money market accounts in a qualified public depository as established by California state law, the City Treasurer's investment pool, the State's Local Agency Investment Fund ("LAIF"), or through trust accounts required by debt covenants, agreements, including the 2003 Cooperative Agreement with the State and financing agreements such as the TIFIA loan agreement with the USDOT, for the deposit of various types of revenues and debt proceeds.

The TJPA's cash held in the State investment pool is considered to be cash and cash equivalents because it has the same characteristics as a demand deposit. The TJPA's investments in the pool may be deposited or withdrawn without notice or penalty. Because the TJPA's short-term position in the pool is considered to be a demand deposit, the TJPA does not record any allocated share of unrealized gains or losses. Investments held in the State Pool at June 30, 2021, are as follows:

Account Name	State Pool
Equity in pooled cash and investments	$ 75,045,884

LAIF is not registered with the Securities and Exchange Commission. LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. Oversight for LAIF is provided by the Local Investment Advisory Board ("LIAB"), consisting of five members appointed by the California State Treasurer.

Additional information regarding LAIF is available online at www.treasurer.ca.gov/pmia-laif/laif.asp.

All investments below are reported at cost, rather than fair value because the difference between the cost and market value was insignificant.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Authority's cash and investments consist of the following as of June 30,2021:

Type		Value	Percent of Total Portfolio
Restricted Cash and Pooled Investments			
Cash	$	39,466,330	22%
Money Market Funds		18,099,824	10%
Restricted Investments			
U.S. Agency Obligations		4,754,727	3%
U.S. Treasury Obligations		52,739,232	30%
Local Agency Investment Fund		63,526,621	36%
Total restricted cash and investments		178,586,734	100%
Local Agency Investment Fund		11,519,263	
Cash in banks		1,575,468	
Total Cash and Investments	$	191,681,465	100%

Fair Value Hierarchy

TJPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets. Level 1 assets may include debt and equity securities that are traded in an active exchange market, are highly liquid, and are actively traded in over-the-counter markets.

Level 2 inputs are significant other observable inputs such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads.

Level 3 inputs are unobservable and should be developed using the best information available under the circumstances; TJPA does not have any Level 3 investments at June 30, 2021. TJPA's fair value measurements would be categorized as follows at June 30, 2021:

- U.S. Treasury Obligations are Level 1, valued using quoted market prices
- U.S. Agency Obligations are Level 2, valued using matrix pricing techniques
- Money Market Funds are measured at amortized cost

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

TJPA's investments in the State investment pool is uncategorized; they are not measured using the input levels described above because TJPA's transactions are based on a stable net asset value of $1 per share.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2021 for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa	AAAm	Not Rated	Total
Local Agency Investment Fund			$ 75,045,884	$ 75,045,884
Money Market Funds		$ 3,023,738	15,076,086	18,099,824
U.S. Agency Obligations	$ 4,754,727			4,754,727
U.S. Treasury Obligations			52,739,232	52,739,232
Total Investments	$ 4,754,727	$ 3,023,738	$ 142,861,202	$ 150,639,667

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The are no instances of concentration risk as of June 30, 2021.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. California Government Code limits investments in U.S. Treasury Obligations, commercial paper, and negotiable certificates of deposit to a maximum maturity of five years, 270 days, and five years, respectively, which helps to mitigate this risk since the prices of fixed-income securities with a longer time to maturity tend to be more sensitive to changes in interest rates.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity as of June 30, 2021:

	Investment Maturities (in years)		
Investment Type	Less than 1 year	1 - 5 years	Total
Local Agency Investment Fund	$ 75,045,884		$ 75,045,884
Money Market Funds	18,099,824		18,099,824
U.S. Agency Obligations	2,376,633	$ 2,378,094	4,754,727
U.S. Treasury Obligations	48,142,761	4,596,471	52,739,232
Total Investments	$ 143,665,102	$ 6,974,565	150,639,667
Cash in banks and on hand			41,041,798
Total Cash and Investments			$ 191,681,465

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. TJPA investment policy limits deposits to qualified public depositories as established by state law. The amounts placed on deposit with the bank were covered by federal depository insurance and were collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. Such collateral is held by the pledging financial institutions' trust department or agent but not in the TJPA's name.

Custodial credit risk for investments is the risk that, in the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2021, $57,493,959 of U.S. Treasury and Agency Obligations were held by the same broker-dealer (counterparty) that was used to purchase the securities.

NOTE 4 – CAPITAL ASSETS

The TJPA's capital assets consist of land, including land transferred by the State and land acquired by the TJPA that may be re-conveyed to the City or OCII, permanent easements, information technology, transit center, tenant improvements, equipment, and accumulated construction in progress related to the transit center and DTX. Construction in progress also includes intangible assets that are recorded as Information Technology in the statement of net position, which consists of costs to develop the TJPA's website and labor compliance software licensing, Transit Center Data Network and Audio Visual Equipment and Systems. Capital assets are recorded at historical cost if purchased or constructed. Capital assets not purchased or constructed are recorded at estimated fair value at the time of acquisition.

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation is provided using the straight-line method for assets other than land and construction in process. Estimated useful lives are as follows:

Information Technology	5 years
Transbay Transit Center	5-50 years
Caltrain Downtown Extension	25 years
Tenant Improvements	15 years
Equipment	5-10 years

Capital Asset Activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning of Fiscal Year	Current Year Acquisitions	Current Year Retirements	Current Year Transfers	End of Fiscal Year
Capital assets not being depreciated:					
Land	$ 186,082,200	$ -	$ (21,486,559)	$ -	$ 164,595,641
Permanent easements	137,374	-	-	-	137,374
State transferred land to be re-conveyed to the City	18,414,675	-	(14,050,469)	-	4,364,206
Construction in progress:					
Caltrain Downtown Extension	64,432,926	6,193,781	-	-	70,626,707
Parcel F	484,822	456,175	-	-	940,997
Tenant Improvements	11,267,068	-	-	(11,267,068)	-
Total capital assets not being depreciated	280,819,065	6,649,956	(35,537,028)	(11,267,068)	240,664,925
Capital assets being depreciated:					
Information Technology	11,716,527	-	-	-	11,716,527
Transbay Transit Center	2,087,458,873	7,787,056	-	-	2,095,245,929
Tenant Improvements	20,102,998	14,733,507	-	11,267,068	46,103,573
Equipment	678,746	-	-	-	678,746
Total capital assets being depreciated	2,119,957,144	22,520,563	-	11,267,068	2,153,744,775
Less accumulated depreciation for:					
Information Technology	(2,343,306)	(2,343,306)	-	-	(4,686,612)
Transbay Transit Center	(115,653,001)	(117,748,172)	-	-	(233,401,173)
Tenant Improvements	(1,340,200)	(1,538,391)	-	-	(2,878,591)
Equipment	(122,932)	(121,639)	-	-	(244,571)
Total accumulated depreciation	(119,459,439)	(121,751,508)	-	-	(241,210,947)
Net capital assets being depreciated	2,000,497,705	(99,230,945)	-	11,267,068	1,912,533,828
Total capital assets, net	$ 2,281,316,770	$ (92,580,989)	$ (35,537,028)	$ -	$ 2,153,198,753

NOTE 4 – CAPITAL ASSETS (Continued)

Land Acquisition

The total land value at June 30, 2021 of $164,595,641 is made up of 29 parcels of land acquired by purchase, eminent domain, or transfer from the State over the life of the Program. The additional costs included in the land value are primarily for demolition of the old terminal and bus ramps, relocation assistance and loss of goodwill for relocated businesses, appraisals, surveying, environmental remediation and monitoring, garage easement interests, and title and closing costs. No property was acquired during the year ended June 30, 2021.

Land Acquisition Summary

Scheduled disposition:	Parcels	Land Value	Additional Costs	Total Land Value
Retained for:				
Transit Center	18	$ 125,409,458	$ 21,607,336	$ 147,016,794
Downtown Extension	11	15,691,890	1,886,957	17,578,847
Total value to be retained	29	$ 141,101,348	$ 23,494,293	$ 164,595,641

TJPA is scheduled to permanently retain title to 29 parcels valued at $164,595,641. The TJPA will hold title to one remaining parcel transferred by the State, with a value of $4,364,206, for a temporary period; it will then be conveyed to the City or OCII when no longer needed for the Transbay Program. The fiscal year in which the TJPA transfers the parcels to the City or OCII, the TJPA will remove the liability related to the one former State-owned parcel.

Land transferred from the State by fiscal year and Land scheduled to be transferred to the City or OCII:

	Total Transferred From the State		Scheduled To be Retained		Scheduled To be Transferred To City/OCII For Sale	
	No.	Value	No.	Value	No.	Value
FY 2009	4	$ 16,683,315	0	$ -	4	$ 16,683,315
FY 2011	14	72,007,574	9	53,186,468	5	18,821,106
FY 2013	0	(6,985,999)	0	(6,985,999)	0	-
FY 2014	1	7,476,962	0	-	1	7,476,962
FY 2015	0	-	0	-	0	-
FY 2016	0	-	0	-	0	-
FY 2017	0	-	0	-	0	-
FY 2018	0	-	0	-	0	-
FY 2019	0	-	0	-	0	-
FY 2020	0	-	0	-	0	-
FY 2021	0	-	0	-	0	-
Total Transferred	19	$ 89,181,852	9	$ 46,200,469	10	42,981,383
Total State Parcels transferred to the City/OCII					(9)	(38,617,177)
Remaining State Parcels to be transferred to the City/OCII					1	4,364,206
Total land scheduled to be transferred to the City/OCII					1	$ 4,364,206

NOTE 4 – CAPITAL ASSETS (Continued)

The TJPA has applied one of two valuation methods for each land parcel transferred from the State to the TJPA. Parcels that the State was leasing to third parties prior to transfer to the TJPA are valued by the TJPA using the lease rate. For parcels that were not being leased by the State at or near the date of transfer, the TJPA has used the sale price of comparable parcel(s) sold in the vicinity of the transit center. This valuation is for purposes of compliance with GASB Statement No. 34 accounting and reporting requirements only and should not be construed as current market value for the parcels.

Land parcels transferred from the State which are scheduled to be retained by the TJPA are recorded as a capital contribution and included as a component of the land capital asset account. At June 30, 2021, the value of the land transferred from the State which is scheduled to be retained by the TJPA is $46,200,469 according to the described valuation methodology.

At June 30, 2021, the TJPA held title to one land parcel valued at $4,364,206 which is temporarily needed by the TJPA only for the construction of the Transbay Program. Upon completion of the construction period, this parcel is scheduled to be transferred to the City or OCII for future sale.

Land parcels transferred from the State which are scheduled to be re-conveyed to the City or OCII upon completion of the Transbay Program are recorded as an intergovernmental liability to the City and as State-transferred land to be re-conveyed to City capital asset account. At June 30, 2021, the total value of the land to be re-conveyed to the City recorded in these liability and capital asset accounts is $4,364,206. In the fiscal year the TJPA transfers the parcels to be re-conveyed to the City or OCII, the TJPA will record the liquidation of the intergovernmental liability to the City and accordingly reduce the State-transferred land capital asset account.

Future Transfers of State Parcels

Of the three State parcels to be transferred, one is scheduled to be transferred to the TJPA when required for construction purposes or development. Another parcel is scheduled to be transferred directly from the State to the City or OCII and will not be recorded in the TJPA's accounting records. And the third parcel that had been planned for transfer is no longer required and will be retained by the State.

Contract Commitments

At year end, the TJPA had contract commitments of $77,355,227 for construction, design, engineering, planning and administrative costs.

NOTE 5 – LONG TERM OBLIGATIONS AND DERIVATIVE INSTRUMENT

The changes in long-term obligations for the year ended June 30, 2021 are as follows:

	Balance June 30, 2020	Retirements	Balance June 30, 2021	Amount due within one year
Accrued compensated absences	$ 286,951	$ (9,360)	$ 277,591	$ -
Total loans payable	286,951	(9,360)	277,591	-
Senior Tax Allocation Bonds				
Series 2020A	189,480,000	(1,735,000)	187,745,000	-
Premium - Series 2020A	38,452,494	(603,741)	37,848,753	-
Series 2020A-T	28,355,000	(3,755,000)	24,600,000	1,915,000
Subordinate Tax Allocation Bonds				
Series 2020B Bonds	53,370,000	(3,725,000)	49,645,000	10,900,000
Premium - Series 2020B	3,906,837	(119,635)	3,787,202	-
Total bonds	313,564,331	$ (9,938,376)	303,625,955	$ 12,815,000
Less Current Portion	12,627,896		12,815,000	
Long Term Portion	$ 300,936,435		$ 290,810,955	

As of June 30, 2021, TJPA does not have any lines of credit.

2020 Tax Allocation Bonds (Green Bonds)

On June 25, 2020, the TJPA issued 2020 Tax Allocation Bonds in the amount of $271,205,00 comprised of $189,480,000 Senior Series 2020A Tax-Exempt Bonds, $28,355,000 Senior Series 2020A-T Federally Taxable Bonds, and $53,370,000 Subordinate Series 2020B Tax-Exempt Bonds. The TJPA is designating the 2020 Bonds as “Green Bonds” that finance environmentally beneficial projects. The particular capital improvements that the TJPA has defined as “Green Projects” in connection with the 2020 Bonds are part of the development of Phase 1 and Phase 2 of the Transbay Program. The proceeds of the 2020 Bonds were also used to refinance the TIFIA Loan, to fund the debt service reserve for the Senior 2020 Bonds, and the debt service reserve for Subordinate Series 2020B Bonds. The 2020 Tax-Exempt Bonds will bear interest 5% and Senior A-T Federally Taxable Bonds will bear interest ranging from 1.9% - 2.5%. Principal payments are payable annually on October 1, commencing on October 1, 2020. Interest on the 2020 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020. The refinancing resulted in a net present value savings to the TJPA in the debt services of $25,615,504.

NOTE 5 – LONG TERM OBLIGATIONS AND DERIVATIVE INSTRUMENT (Continued)

The annual debt service requirements are shown below for the above debt issues:

Senior Series 2020A Tax-Exempt Bonds

Year Ending June 30:	Principal	Interest
2022	$ -	$ 9,387,250
2023	-	9,387,250
2024	-	9,387,250
2025	-	9,387,250
2026	3,330,000	9,304,000
2027-2031	19,335,000	43,781,125
2032-2036	24,680,000	38,305,500
2037-2041	38,900,000	30,526,750
2042-2046	50,865,000	24,103,375
2047-2050	50,635,000	8,861,125
	187,745,000	$ 192,430,875
Plus: Unamortized Bond Premium	37,848,753	
Total	$ 225,593,753	

Senior Series 2020A-T Taxable Bonds

Year Ending June 30:	Principal	Interest
2022	$ 1,915,000	$ 741,682
2023	1,955,000	700,842
2024	2,750,000	647,592
2025	3,545,000	572,660
2026	1,030,000	516,994
2027-2031	-	2,521,105
2032-2036	8,230,000	1,489,890
2037-2041	5,175,000	104,794
Total	$ 24,600,000	$ 7,295,559

Subordinate Series 2020B Tax-Exempt Bonds

Year Ending June 30:	Principal	Interest
2022	$ 10,900,000	$ 1,667,000
2023	575,000	1,514,675
2024	750,000	1,481,550
2025	935,000	1,439,425
2026	1,130,000	1,387,800
2027-2031	6,550,000	6,010,750
2032-2036	8,360,000	4,155,750
2037-2041	4,745,000	2,477,125
2042-2046	-	1,884,000
2047-2050	15,700,000	1,318,800
	49,645,000	$ 23,336,875
Plus: Unamortized Bond Premium	3,787,202	
Total	$ 53,432,202	

Pledged Revenues

The TJPA receives net tax increment revenues generated by the former State-owned parcels sold for development and committed to the TJPA, pursuant to an agreement with the City and OCII. The net tax increment revenue that is received by TJPA and income derived from permitted investments ("Pledged Revenues") is pledged as security under the Senior and Subordinate 2020 Bonds. This revenue is only available for repayment of the Senior and Subordinate 2020 Bonds and design and construction of the Transbay Program after the bonds debt service requirements are satisfied or repaid in full, currently forecasted for October 1, 2049.

NOTE 5 – LONG TERM OBLIGATIONS AND DERIVATIVE INSTRUMENT (Continued)

Tax increment in California has a 20% mandated set-aside for affordable housing. The net tax increment revenue that flows to TJPA is net of this set-aside as well as 21% statutory pass-through payments to other taxing entities including school districts. In accordance with the Transbay Development Project Tax Increment Allocation and Sales Proceeds Pledge Agreement, TJPA is to receive net tax increment revenue until March 31, 2050.

Derivative Instrument - Interest Rate Cap

TJPA has two interest rate caps as a hedge against rising interest rates under the interim City financing, as required by the TIFIA lender. The first Interest Rate Cap Agreement limits TJPA's variable interest rate exposure by providing that SMBC Capital Markets, Inc., as cap provider counterparty, will make monthly payments to TJPA to the extent that the one-month LIBOR rate exceeds 1.75%. The initial cap notional principal dropped to $64,000,000 on July 1, 2019 and remained at $64,000,000 through some or all of calendar year 2020. In order to cover this gap, the TJPA purchased an incremental cap from Goldman Sachs of $14,000,000, effective July 1, 2019, with a one-month LIBOR strike price of 3% and a notional principal profile reflecting the expected repayment profile of the City Financing. TJPA paid $1,260,000 for the SMBC interest rate cap and the fair value was $0 at June 30, 2021; the cost exceeded fair value by $1,260,000. The cap was terminated on July 1, 2020.

The TJPA paid $15,000 for the Goldman Sachs interest rate cap and the fair value was $0 at June 30, 2021; the cost exceeded fair value by $11,100. The cap was terminated on January 1, 2021.

Both caps were recorded as other deferred outflows on the Statement of Net Position. The interest rate cap was determined to be effective, meaning that the derivative significantly reduces an identified financial risk and hedge accounting is used.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS

A. Pension Plan

Plan Description and Benefits Provided

All full-time employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined-Benefit Pension Plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for its participating member employers.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2w Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

TJPA contracted with CalPERS effective January 1, 2012. Prior to that date, full-time employees participated in the CalPERS pension plan via Local Government Services ("LGS"), previously TJPA's employer of record under contract. CalPERS processed a merger, transferring TJPA employees from LGS' plan to TJPA's plan. Due to its small number of employees, TJPA participates in the CalPERS risk pool for Miscellaneous Employees. There are two retirement formulas for TJPA employees, depending upon date of hire: "2% at 55" risk pool for "Classic" CalPERS employees, and "2% at 62" for employees hired after January 1, 2013 who are not already CalPERS members, per the California Public Employees' Pension Reform Act ("PEPRA").

Detailed information about the pension plan's fiduciary net position is publicly available in separately issued CalPERS reports. The reports and other details referenced below may be obtained from CalPERS, www.calpers.ca.gov.

Contributions

The contribution requirements of plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS. PEPRA members are required to contribute 6.750% of their annual covered salary, and Classic members are required to contribute 7% of their annual covered salary. TJPA pays this required contribution on behalf of Classic employees, amounting to $73,883 for the year ended June 30, 2021. For Fiscal Year 2020-2021, the actuarially determined employer contribution rate was 11.031% of covered payroll costs for Classic employees, amounting to $116,429, and 7.732% for PEPRA employees, amounting to $74,619. The employer contribution, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, TJPA employer contributions that are included in the calculation of net pension expense were $250,258.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Generally accepted accounting principles require employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position.

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. Each participating cost-sharing employer, such as TJPA, is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements. The disclosures below are thus based on an actuarial valuation provided by CalPERS.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

At June 30, 2021, TJPA reported a liability of $1,010,880 for its proportionate share of the net pension liability. The net pension liability was measured by CalPERS as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. TJPA's proportion of the net pension liability was based on a projection of TJPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. TJPA's proportionate share of the net pension liability for the plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.0213%
Proportion - June 30, 2021	0.0240%
Change - Increase (Decrease)	0.0027%

For the year ended June 30, 2021, the TJPA recognized pension expense of $439,545. At June 30,2021, TJPA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 250,258	$ -
Differences between actual and expected experience	52,094	-
Changes in assumptions	-	(7,210)
Difference in actual contributions and net projected contributions	5,319	(39,077)
Changes in proportion	135,670	-
Net differences between projected and actual earnings on pension plan investments	30,030	-
Total	$ 473,371	$ (46,287)

Of the $473,371 total deferred outflows of resources, $250,258 resulting from TJPA employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Annual Amortization
2022	$ 71,495
2023	55,533
2024	35,395
2025	14,403
Total	$ 176,826

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

Actuarial Assumptions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 207 experience study report based on CalPERS demographic data from 1997 to 2015 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of each cash flows used to determine the discount rate for the Plan assumed the contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

Asset Class (a)	Current Target Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 3.0% used for this period.
(c) An expexted inflation of 2.92% used for this period.

Sensitivity of TJPA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents TJPA's proportionate share of the net pension liability for the plan, calculated using the discount rate of 7.15%, as well as what TJPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate -1 (6.15%)	Discount Rate (7.15%)	Discount Rate +1 (8.15%)
Net pension liability	$ 1,951,297	$ 1,010,880	$ 233,844

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPER financial reports.

Payable to the Pension Plan

At June 30, 2021, TJPA reported a payable of $5,094 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

B. Defined Contribution Retirement Plan

TJPA participates in the California Public Agencies Self-Directed Tax-Advantaged Retirement System Plan (the "STARS Plan"), which provides retirement benefits for employees of the member public agencies. The STARS Plan includes a deferred compensation plan in accordance with Internal Revenue Code Section 457(b), whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement, and a defined contribution plan in accordance with Internal Revenue Code Section 401(a), whereby TJPA matches employee contributions up to two percent of the employee's base annual salary. All employees are eligible for plan participation. Plan assets are invested in each individual's name with a deferred compensation plan provider. The STARS Plan deferred compensation and defined contribution assets are not reflected in these financial statements. Each of the STARS Plan's participants directs the investments of their separate accounts. Employer contributions vest immediately. Distributions are made upon the participant's termination, retirement, death or total disability. During the year ended June 30, 2021, the TJPA and participating employees made contributions to the STARS Plan totaling $32,852 and $93,551, respectively. At June 30, 2021, TJPA had a payable of $5,094 for the outstanding amount of contributions to the defined contribution plan required for the fiscal year.

C. Other Post-Employment Benefits

Plan Description and Benefits Provided

TJPA contracts with CalPERS under the Public Employees' Medical and Hospital Care Act ("PEMHCA"), which provides healthcare insurance programs for both active and retired employees of public employer contracting agencies. TJPA has a program in place to partially pay CalPERS medical insurance premiums for eligible retiring employees. Retiree benefit provisions are established and amended through agreements between TJPA and its employees; at a minimum TJPA will contribute the amount required by PEMHCA, which is $143 per month per employee in calendar year 2021 and $149 in 2022. Participating retirees pay the difference between the benefit they receive and the monthly premium. Medical insurance premiums for retiree's spouses or dependents are not covered under these agreements, nor are dental or vision premiums. The plan does not issue a separate financial report. The total OPEB liability was determined based on an actuarial valuation date of June 30, 2019 and measurement date of June 30, 2020.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contribution

TJPA joined the California Employers' Retiree Benefit Trust ("CERBT"), an irrevocable trust established under Internal Revenue Code Section 115 to fund other post-employment benefits ("OPEB"), in Fiscal Year 2016. CERBT, an agent multiple-employer plan, is administered and managed by CalPERS and issues a financial report available on the CalPERS website. For Fiscal Year 2021, TJPA did not accrue a payable to CERBT. TJPA participates in the CERBT Strategy 3 portfolio, the most conservative of the three available investment strategies, and the ending trust balance at June 30, 2021 was $504,105.

Employees Covered

At the June 30, 2019 actuarial valuation date, the TJPA had thirteen active employees and one retiree receiving benefits.

Discount Rate

The discount rate used to measure the total OPEB asset was 5.55%. The projection of cash flows used to determine the discount rate assumed that the TJPA contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Global Equity	22%
Fixed Income	49%
Treasury Inflation-Protected Securities	16%
Global Real Estate (REITS)	8%
Commodities	5%
	100%

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Asset

The changes in TJPA's net OPEB asset is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balance at June 30, 2020	$ 302,845	$ 354,282	$ (51,437)
Changes for the year:			
Service cost	38,807	-	38,807
Interest	18,916	-	18,916
Contribution - employer	-	38,957	(38,957)
Net investment income	-	22,271	(22,271)
Benefit payments	(1,650)	(1,650)	-
Administrative expense	-	(174)	174
Net changes	56,073	59,404	(3,331)
Balance at June 30, 2021	$ 358,918	$ 413,686	$ (54,768)

Actuarial Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between TJPA and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The 2019 actuarial valuation used the following actuarial methods and assumptions:

Discount rate	5.55%
Inflation	2.50%
Payroll growth	3.00%
Healthcare cost trend rate	6.5% in 2021, trending down to 4% in 2076

Sensitivity of the Net OPEB Asset to Change in Discount Rate

The following presents the net OPEB asset of the TJPA, as well as what the TJPA's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher, than the current discount rate (in thousands):

Net OPEB Asset at 1% increase	$ 95,986
Net OPEB Asset at Current Rate	54,768
Net OPEB Asset at 1% decrease	5,254

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Asset to Change in Healthcare Costs

The following presents the net OPEB asset/liability of the TJPA, as well as what the TJPA's net OPEB asset/liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower, or one percentage point higher, than the current healthcare cost trend rates (in thousands):

Net OPEB Liability at 1% increase	$	13,880
Net OPEB Asset at Current Rate		54,768
Net OPEB Asset at 1% decrease		109,617

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is amortized over a five-year period. All other amounts are amortized over the expected average remaining service lifetime (EARSL) of 9.3 years.

OPEB Expense (Income) and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the TJPA recognized OPEB expense of $35,578. As of the fiscal year ended June 30, 2021, the TJPA reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to measurement date	$ 39,972	$ -
Assumption changes	20,049	-
Differences between expected and actual experience	-	(39,038)
Net differences between projected and actual earnings on plan investments	-	(1,162)
Total	$ 60,021	$ (40,200)

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

The reported deferred outflows (inflows) of resources related to OPEB will be recognized as expense as follows:

For the Fiscal Year Ending June 30	Annual Amortization
2022	$ (1,625)
2023	(2,597)
2024	(3,421)
2025	(2,579)
2026	(2,265)
Thereafter	(7,664)
Total	$ (20,151)

NOTE 7 – LEASES

Leases as Lessee

The TJPA leased office space under an operating lease which expired in November 2020. Total costs for this lease were $342,698 for the year ended June 30, 2021. These costs represent direct Program management costs related to the transit center and DTX and as such are capitalized as part of accumulated Program costs.

Leases as Lessor

The transit center is comprised of 93,195 square feet of retail space, currently divided into 30 retail spaces. As of June 30, 2021, 21 leases have been executed, which correlates to leasing rates of 70% of the retail spaces and 84% of the retail square footage.

	Total	Total Executed	% Executed
Square Footage	93,195	78,500	84%
Number of Retail Spaces	30	21	70%
Average Annual Rent	$1.5M	$1.5M	100%

NOTE 8 – RISK MANAGEMENT

The TJPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TJPA participates in the Special District Risk Management Authority ("SDRMA"), a joint powers agency established in 1986 to provide pooled joint protection programs among the members of SDRMA. The purpose of SDRMA is to reduce the amount and frequency of losses and to decrease the cost incurred by its members in the handling and litigation of claims and to purchase excess or re-insurance as a group, thereby reducing costs.

NOTE 8 – RISK MANAGEMENT

The TJPA's deductibles and maximum coverages under the SDRMA pool are as follows:

Coverage Description	Deductibles	Coverage
General Liability	$ 25,000	$ 10,000,000
Auto Liability	25,000	10,000,000
Property Coverage	1,000	800,000,000
Boiler and Machinery Coverage	1,000	100,000,000
Employees & Public Officials:		
Errors and Omissions Liability	25,000	10,000,000
Employee Benefits Liability	25,000	10,000,000
Employment Practices Liability	25,000	10,000,000
Employee & Public Official Dishonesty	-	1,000,000
Personal Liability for Board Members	500	500,000
Cyber Liability	50,000	2,000,000
Pollution Liability	150,000	2,000,000

The property insurance noted above covers the Temporary Terminal, leased property, and other miscellaneous TJPA property. For the above package, the TJPA pays an annual contribution, determined by the Board of Directors of SDRMA, and any additional amounts which the SDRMA Board of Directors deems necessary in accordance with the bylaws of SDRMA. The TJPA's annual contribution for the fiscal year ended June 30, 2021 was $366,726.

In addition, the TJPA purchased an excess liability policy to provide additional coverage of $5,000,000. There was a reduction in coverage for this policy over the prior year of $5,000,000. The premium for the fiscal year ended June 30, 2021 for this policy was $52,658. There is no deductible under this policy. The TJPA does not maintain earthquake insurance coverage.

The TJPA maintains property insurance for the Transit Center (including a supplemental endorsement for terrorism under the Terrorism Risk Insurance Act) with FM Global with a limit of $1,000,000,000. The deductible for this policy is $250,000. The premium for the fiscal year ended June 30, 2021 was $1,172,648.

The TJPA also maintains workers' compensation insurance in compliance with statutory limits. The premiums for the fiscal year ended June 30, 2021 for this coverage were $20,199. The TJPA also holds a public officials bond (as required under the TJPA Bylaws for the Chief Financial Officer) placed in 2021, for $875.

NOTE 8 – RISK MANAGEMENT (Continued)

During the year ended June 30, 2010, the TJPA received a payment and performance bond from Webcor Builders/Obayashi Corporation, the joint venture awarded the Construction Manager/General Contractor ("CM/GC") contract. The bond provides a $600 million guarantee that the CM/GC will complete the transit center and related structures in accordance with its contract and that it will pay its subcontractors, labor and suppliers. The TJPA reimbursed the CM/GC $5.4 million for the original bond premium. In fiscal years 2014 and 2015, the bond amount was increased to $889 million, for premiums totaling $2,594,064. During the year ended June 30, 2016, the TJPA accrued an additional $4,017,442 for a bond rider that increased the bond amount to $1,336,575,975. The additional premium was fully paid by June 30, 2017.

NOTE 9 – RELATED PARTY TRANSACTIONS

Note 9 identifies agencies of State and local government that appoint members to the TJPA Board of Directors. The TJPA also purchases goods and services from some of these TJPA Board Member Agencies and these Agencies are therefore considered to be related parties to the TJPA. Below is a summary of goods and services purchased by the TJPA from these related parties during the fiscal year ended June 30, 2021.

A. City and County of San Francisco

During the year ended June 30, 2021, the City provided services including management, administration, permitting and inspection of construction; traffic engineering; transit center power connections, and legal assistance to the TJPA totaling to $4,196,756.

Services were provided by the following organizations/departments:

Office of the City Attorney	$ 77
SF Tax Collector	989
Department of Public Works	93,704
Department of Technology	12,871
Police Department	2,418,056
Public Utilities Commission	1,656,059
Bureau of Streets Use & Mapping	15,000
Total	$ 4,196,756

In addition, Community Benefit District special assessments of $222,878 were paid to the San Francisco Tax Collector during the fiscal year. Also, at June 30, 2021, the TJPA held title to land parcels which are temporarily needed by the TJPA only for the construction of the Transbay Program. Upon completion of the construction period, these parcels will be transferred to the City or OCII (see Note 4).

NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)

B. Alameda-Contra Costa Transit District (AC Transit)

AC Transit provides bus services between Alameda and Contra Costa counties and the City and County of San Francisco. Under the Program, the temporary terminal and the transit center are the point of destination/departure for AC Transit's bus services in San Francisco. On September 29, 2008, the TJPA Board of Directors approved a comprehensive Lease and Use Agreement that controls AC Transit's bus operations at the temporary terminal and the transit center through at least the year 2050. The Agreement sets forth all the rights and obligations of the parties with respect to the two facilities. It addresses payments AC Transit will make for its share of operating and maintenance costs at the transit center should operating expenses exceed revenues, as well as its contribution in the sum of $57,000,000 (discounted to 2011 dollars) to the capital cost of the new transit center. Additionally, the Agreement allows for subtenant agreements, where subtenants can be allocated a share of the primary tenant's operating and maintenance costs.

C. State of California Department of Transportation ("Caltrans")

Caltrans provides design review and construction support services to the TJPA Bus Storage. Such services totaled $0 during the year ended June 30, 2021, with $0 due to the Caltrans at June 30. The agreements with Caltrans require the TJPA to provide, within the total agreement amounts, payment for revolving invoice reserves. The payment of these deposits totaled $55,000, which were refunded during the year ended June 30, 2021.

See also Note 4, Capital Assets, for information regarding State-conveyed land to be retained by the TJPA and re-conveyed to the City or OCII.

As of June 30, 2021, the California High-Speed Rail Authority ("CHSRA") does not provide services to the TJPA and TJPA has not reported any amounts due to or from CHSRA.

NOTE 10 – CONTINGENT LIABILITIES

A. Due from Grantors

Amounts received or receivable from federal, state, and local funders are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by these agencies cannot be determined at this time although the TJPA expects such amounts, if any, to be immaterial.

B. Pollution Remediation

TJPA has conducted pollution remediation activities as a matter of course in its demolition and construction. The expenditures associated with these activities are capitalized as costs to prepare property for use. As such, the TJPA capitalizes remediation outlays as incurred and does not record a pollution remediation liability.

NOTE 10 – CONTINGENT LIABILITIES (Continued)

Life-to-date remediation expenditures through June 30, 2021 total $17,545,459 and are associated with the following project components:

Temporary Terminal	$	948,283
Transit Center		15,071,322
Bus Storage Facility		1,524,846
Caltrain Downtown Extension		1,008
Total	$	17,545,459

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REQUIRED SUPPLEMENTARY INFORMATION

TRANSBAY JOINT POWERS AUTHORITY
Required Supplementary Information
For the Year Ended June 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS Public Agency Cost-Sharing Multiple-Employer Plan

Measurement date	June 30, 2020[1]	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.0239%	0.0213%	0.0188%	0.0186%	0.0164%	0.0144%	0.0171%
Proportionate share of the net pension liability	$ 1,010,880	$ 851,768	$ 708,735	$ 732,892	$ 569,938	$ 394,754	$ 423,397
Covered payroll	$ 2,205,113	$ 2,163,436	$ 1,852,299	$ 1,932,209	$ 2,215,123	$ 2,125,171	$ 2,087,405
Proportionate share of the net pension liability as a percentage of its covered payroll	45.84%	39.37%	38.26%	37.93%	25.73%	18.58%	20.28%
Plan fiduciary net position as a percentage of the total pension liability	85.70%	85.65%	75.26%	73.31%	74.06%	78.40%	79.82%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable. TJPA currently has only seven years of data to present in the schedule. As future years' data is calculated, it will be added to the schedule until ten years of data is presented.

Changes of Benefit Terms and Assumptions

The figures in the schedule of contributions above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. The discount rate was changed from 7.65% (net of administrative expense) to 7.15% beginning in Fiscal Year 2018.

TRANSBAY JOINT POWERS AUTHORITY
Required Supplementary Information
For the Year Ended June 30, 2021

SCHEDULE OF PENSION CONTRIBUTIONS

	FY 2021*	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Actuarially determined contribution	$ 250,258	$ 236,895	$ 180,519	$ 182,740	$ 174,875	$ 174,033	$ 254,524	$ 228,308	$ 194,665
Contributions in relation to the actuarially determined contribution	(250,258)	(236,895)	(180,519)	(182,740)	(174,875)	(174,033)	(254,524)	(228,308)	(194,665)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,230,533	$ 2,205,113	$ 2,163,436	$ 1,852,299	$ 1,932,209	$ 2,215,123	$ 2,125,171	$ 2,087,405	$ 1,976,776
Contributions as a percentage of covered payroll	11.22%	10.74%	8.34%	9.87%	9.05%	7.86%	11.98%	10.94%	9.85%

* Historical information is required only for measurement periods for which GASB 68 is applicable. TJPA currently has nine years of data to present in the schedule. As future years' data is calculated, it will be added to the schedule until ten years of data is presented.

TRANSBAY JOINT POWERS AUTHORITY
Required Supplementary Information
Agent Multiple Employer Plan
For the Year Ended June 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB ASSET AND RELATED RATIOS

	FY 2021	FY 2020	FY 2019	FY 2018
Total OPEB liability				
Service cost	$ 38,807	$ 29,063	$ 26,314	$ 25,486
Interest	18,916	18,126	15,841	13,518
Differences between actual and expected experience	-	(49,734)	-	-
Changes in assumptions	-	11,644	16,402	-
Benefit payments	(1,650)	(1,735)	(1,566)	(640)
Net changes	56,073	7,364	56,991	38,364
Total OPEB liability - beginning	302,845	295,481	238,490	200,126
Total OPEB liability - ending	$ 358,918	$ 302,845	$ 295,481	$ 238,490
Fiduciary net position				
Contribution - employer	$ 38,957	$ 26,987	$ 26,135	$ 20,195
Net investment income	22,271	22,097	12,817	10,149
Benefit payments	(1,650)	(1,735)	(1,566)	(640)
Administrative expense	(174)	(66)	(141)	(127)
Other expense	-	-	(358)	-
Net changes	59,404	47,283	36,887	29,577
Total OPEB liability - beginning	354,282	306,999	270,112	240,535
Total OPEB liability - ending	$ 413,686	$ 354,282	$ 306,999	$ 270,112
Plan net OPEB liability (asset) - ending	$ (54,768)	$ (51,437)	$ (11,518)	$ (31,622)
Plan fiduciary net position as a percentage of the total OPEB liability	115%	117%	104%	113%
Covered-employee payroll	$2,228,339	$2,163,436	$1,852,299	$1,932,209
Plan net OPEB liability as a percentage of covered-employee payroll	-2.46%	-2.38%	-0.62%	-1.64%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. TJPA currently has only four years of data to present in the schedule. As future years' data is calculated, it will be added to the schedule until ten years of data is presented.

TRANSBAY JOINT POWERS AUTHORITY
Required Supplementary Information
Agent Multiple Employer Plan
For the Year Ended June 30, 2021

SCHEDULE OF OPEB CONTRIBUTIONS

	FY 2021	FY 2020	FY 2019	FY 2018
Actuarially determined contribution	$ 39,972	$ 38,957	$ 26,987	$ 26,135
Contributions in relation to the actuarially determined contribution	(39,972)	(38,957)	(26,987)	(26,135)
Contribution deficiency (excess)	-	-	-	-
Covered payroll	$ 2,230,534	$ 2,228,339	$ 2,163,436	$ 1,852,299
Contributions as a percentage of covered payroll	1.79%	1.75%	1.25%	1.41%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. TJPA currently has only four years of data to present in the schedule. As future years' data is calculated, it will be added to the schedule until ten years of data is presented.

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