OFFICIAL STATEMENT DATED NOVEMBER 9, 2021

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS:

KBRA	**"AAA"**
MOODY'S	**"Aa2"**
S&P	**"AA+"**

SEE "OTHER INFORMATION - Ratings" HEREIN

Interest on the Bonds (defined herein) is **not** excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS."

$576,355,000
SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS
TAXABLE SERIES 2021A

Interest accrues from the Date of Delivery **CUSIP Prefix: 235241** **Due: As shown on the inside cover page**

Dallas Area Rapid Transit (the "*Authority*" or "*DART*") is issuing its Senior Lien Sales Tax Revenue Refunding Bonds, Taxable Series 2021A (the "*Bonds*") for the purposes described herein. See "PLAN OF FINANCE" and "THE BONDS."

Interest on the Bonds will accrue from the Date of Delivery (as defined herein) and will be payable on each June 1 and December 1, commencing June 1, 2022, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The definitive Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("*DTC*"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 of principal amount or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners thereof. See "BOOK-ENTRY-ONLY SYSTEM" herein. Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, is designated as the initial trustee (in such capacity, the "*Trustee*") and the initial paying agent/registrar (in such capacity, the "*Paying Agent/Registrar*"). See "THE BONDS – Trustee/Paying Agent/Registrar."

The Bonds are being issued pursuant to the Master Debt Resolution, adopted by the subregional board of directors of the Authority (the "*Board*") on January 23, 2001, as amended (the "*Master Debt Resolution*"), a Supplemental Resolution adopted by the Board on August 24, 2021 (the "*Twenty-Third Supplemental Debt Resolution*") and a pricing certificate (the "*Pricing Certificate*") pursuant to the authority granted by Chapter 1207, Texas Government Code, as amended and Chapter 1371, Texas Government Code, as amended. The Bonds will be issued as Additional Senior Lien Obligations on parity with certain Outstanding Senior Lien Obligations and any future Additional Senior Lien Obligations (collectively, the "*Senior Lien Obligations*"), and are payable from and secured by a first and senior lien on and pledge of (i) Gross Sales Tax Revenues, (ii) Pledged Farebox Revenues and (iii) investment earnings credited to the Gross Sales Tax Revenue Fund (collectively, "*Pledged Revenues*"). See "THE BONDS – Security and Source of Payment." A sales and use tax has been levied by the Authority at the rate of 1% on all taxable transactions within the Authority's boundaries. See "REVENUES, EXPENSES AND INVESTMENTS" and "DEBT AND OTHER OBLIGATIONS – Outstanding Debt." Capitalized terms used but not otherwise defined herein have the meanings assigned to such terms in the Master Debt Resolution and the Twenty-Third Supplemental Debt Resolution.

Proceeds of the Bonds, together with other funds contributed by DART, if any, will be used for the purposes of (i) refunding all or a portion of the Refunded Obligations (defined herein) described in Schedule I for debt service savings and (ii) paying the costs of issuance of the Bonds. For additional information on the use of proceeds for the Bonds, please see "PLAN OF FINANCE."

The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

The Bonds are being offered by DART concurrently with its Senior Lien Sales Tax Revenue Improvement and Refunding Bonds, Series 2021B (the "*Series 2021B Bonds*") which are expected to close on the same date as the Bonds. The Bonds and the Series 2021B Bonds are being offered under separate Official Statements and are separate and distinct securities offerings being issued and sold independently. While the Bonds and Series 2021B Bonds share common attributes, each issue is separate and should be reviewed and analyzed independently, including the terms of payment, the security for its payment, the rights of holders, and other features.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE AND INITIAL OFFERING YIELDS

The Bonds are offered, when, as and if issued by DART and accepted by the Underwriters (defined herein), subject, among other things, to the approving opinion of the Attorney General of the State of Texas as to legality and to the approving opinions of Bracewell LLP, Dallas, Texas, West & Associates, L.L.P., Dallas, Texas and McCall Parkhurst & Horton L.L.P., Dallas, Texas ("*Co-Bond Counsel*"). Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Houston, Texas and Greenberg Traurig, LLP, Dallas, Texas ("*Co-Underwriters' Counsel*"). The Bonds are expected to be available for delivery on or about December 1, 2021, (the "*Date of Delivery*") through the facilities of DTC in New York, New York.

RBC CAPITAL MARKETS

BLAYLOCK VAN, LLC	**FHN FINANCIAL CAPITAL MARKETS**	**STERN BROTHERS**	**UMB BANK, N.A.**	**WELLS FARGO SECURITIES**

MATURITY SCHEDULE

$576,355,000
Dallas Area Rapid Transit
Senior Lien Sales Tax Revenue Refunding Bonds
Taxable Series 2021A

CUSIP Prefix: 235241(3)

Stated Maturity (12/1) (1)(4)	Principal Amount	Interest Rate	Yield (2)	CUSIP Suffix (3)	ISIN(3)	Common Code(4)
2022	$ 3,715,000	4.000%	0.333	VW3	US235241VW32	241209199
2023	3,865,000	4.000	0.483	VX1	US235241VX15	241209229
2024	4,025,000	4.000	0.799	VY9	US235241VY97	241209202
2025	35,380,000	4.000	1.072	VZ6	US235241VZ62	241209237
2026	17,165,000	4.000	1.272	WA0	US235241WA03	241209253
2027	17,865,000	4.000	1.466	WB8	US235241WB85	241209245
2028	20,670,000	4.000	1.666	WC6	US235241WC68	241209261
2029	19,370,000	4.000	1.734	WD4	US235241WD42	241209270
2030	20,160,000	4.000	1.834	WE2	US235241WE25	241209300
2031	20,985,000	4.000	1.884	WF9	US235241WF99	241209288
2032	21,625,000	2.034	2.034	WG7	US235241WG72	241209296
2033	22,085,000	2.184	2.184	WH5	US235241WH55	241209334
2034	22,595,000	2.334	2.334	WJ1	US235241WJ12	241209318
2035	23,135,000	2.434	2.434	WK8	US235241WK84	241209326
2036	23,715,000	2.534	2.534	WL6	US235241WL67	241209369

Term Bonds

$300,000,000 Term Bond due December 1, 2048, Interest Rate 2.613%, Yield 2.613%, CUSIP Suffix WM4,

ISIN No. US235241WM41, Common Code 241209342 (1)(2)(3)(4)(5)

(1) The Bonds maturing on and after December 1, 2032, are subject to redemption, in whole or in part, at DART's option on any day on or after December 1, 2031, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the redemption date, without premium. See "THE BONDS – Redemption – *Optional Redemption*."

(2) The initial yields are established by and are the sole responsibility of the Underwriters and subsequently may be changed.

(3) CUSIP® is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP and ISIN numbers have been assigned by an independent company not affiliated with DART and are included solely for the convenience of the registered owners of the Bonds. Neither DART nor the Underwriters are responsible for the selection or uses of these CUSIP and ISIN numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP and/or ISIN number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(4) The Common Code is provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. Neither DART nor the Underwriters are responsible for the selection or use of this Common Code and no representation is made as to their correctness on the Bonds or as included herein.

(5) Subject to mandatory sinking fund redemption as described in "THE BONDS – Redemption – *Mandatory Redemption*."

The Bonds have not been registered under the United States Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. Any registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the Bonds and the terms of this offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement includes descriptions and summaries of certain events, matters, laws and documents. Such descriptions and summaries do not purport to be complete, and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such law or document, copies of which may be obtained from the Authority or from the Co-Financial Advisors to the Authority. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesman or other person has been authorized by the Authority to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Co-Financial Advisors have provided the following sentence for inclusion in this Official Statement: The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

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

The cover page contains certain information for general reference only. Investors must read the entire Official Statement to obtain information essential to make an investment decision. See "INVESTMENT CONSIDERATIONS" for a discussion of factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT (INCLUDING, WITHOUT LIMITATION, ALL APPENDICES HERETO) CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "PROJECT," "EXPECT," "ESTIMATE," "BUDGET," "FORECAST" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED CHANGE. INVESTORS SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS. PLEASE REVIEW THE FACTORS DESCRIBED BELOW UNDER "INVESTMENT CONSIDERATIONS" AND ELSEWHERE HEREIN WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER FROM EXPECTATIONS

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

DART MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION UNDER THIS CAPTION. ANY REFERENCES IN THIS OFFICIAL STATEMENT TO THE ***"ISSUER"*** MEAN DALLAS AREA RAPID TRANSIT. AND REFERENCES TO ***"BONDS"*** MEAN THE BONDS OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA *("EEA")* OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, ***"MIFID II");*** (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE ***"INSURANCE DISTRIBUTION DIRECTIVE"),*** WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE ***"PROSPECTUS REGULATION").*** CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE ***"PRIIPS REGULATION")*** FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 *("**EUWA**");* (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE *"**FSMA**")* AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE ***"UK PRIIPS REGULATION")*** FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION OR SECTION 86 OF THE FSMA (IN EACH CASE AS APPLICABLE) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITER, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION AND IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND THE UNDERWRITERS AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FSMA AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE ***"FINANCIAL PROMOTION ORDER"),*** (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER. OR ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS ***"RELEVANT PERSONS").*** THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ***("FINSA")*** AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO (I) THE FINSA OR (II) THE LISTING RULES OF THE SIX SWISS EXCHANGE AG OR ANY OTHER REGULATED TRADING VENUE IN SWITZERLAND AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. THIS OFFICIAL STATEMENT WILL NOT BE REVIEWED NOR APPROVED BY A REVIEWING BODY FOR PROSPECTUSES (PRUFSTELLE).

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORJTY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORJTY ***("FINMA"),*** AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORJZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ***("CISA").*** ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE INVESTMENT ADVICE. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE BONDS AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORJTY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG PURSUANT TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32) OF THE LAWS OF HONG KONG ***("C(WUMP)O").***

ACCORDINGLY: (I) THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571) OF THE LAWS OF HONG KONG ***("SFO")*** AND ANY RULES MADE UNDER THE SFO, OR IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN SECTION 2(1) OF THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O; AND (II) NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE *"**FIEA**")*. NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ***("QIIS")*** IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURJSDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

THE BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS *("**NI 33-105**"),* THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

The Authority.................................. The Dallas Area Rapid Transit Authority ("*DART*" or the "*Authority*") is a subregional transportation authority of the State of Texas created and confirmed by passage of a referendum on August 13, 1983, pursuant to Article 1118y of Vernon's Annotated Civil Statutes, as amended and recodified as Chapter 452, Texas Transportation Code, as amended (the "*Act*"). The Authority's current boundaries include the territory lying within the corporate limits of the following municipalities: the Cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett and University Park and the Towns of Addison and Highland Park (the "*Participating Municipalities*"). The Authority provides transit services to and receives sales and use taxes on taxable transactions in the Participating Municipalities comprising a 700-square mile area with a population of approximately 2.53 million persons. See "THE AUTHORITY."

The Bonds... The Senior Lien Sales Tax Revenue Refunding Bonds, Taxable Series 2021A (the "*Bonds*") are being issued by the Authority in the aggregate principal amount shown on the cover page hereof.

Separate Issues .... DART will issue its $448,965,000 Senior Lien Sales Tax Revenue Improvement and Refunding Bonds, Series 2021B (the "*Series 2021B Bonds*") which are expected to close on the same date as the Bonds. The issuance of the Bonds is not contingent on the issuance of the Series 2021B Bonds.

Use of Proceeds................................ Proceeds of the Bonds will be used for the purposes of (i) refunding all or a portion of the Refunded Obligations (defined herein) described in Schedule I (the "*Refunded Obligations*") for debt service savings and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCE."

Authority for Issuance..................... The Bonds are authorized by Chapter 1207, Texas Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, and issued pursuant to the Master Debt Resolution, the Twenty-Third Supplemental Debt Resolution, and a Pricing Certificate authorized by the Twenty-Third Supplemental Debt Resolution. See "THE BONDS - Authority for Issuance."

Payment of Interest .... Interest on the Bonds accrues from the Date of Delivery (defined herein) and will be payable on each June 1 and December 1, commencing on June 1, 2022, until maturity or prior redemption, as set forth herein. See "THE BONDS – Payment of Principal and Interest."

Security for the
Bonds.. The Bonds are secured by a first and senior lien on and pledge of (i) Gross Sales Tax Revenues, (ii) Pledged Farebox Revenues and (iii) investment earnings credited to the Gross Sales Tax Revenue Fund (collectively, "*Pledged Revenues*"). See "THE BONDS – Security and Source of Payment." See "REVENUES, EXPENSES AND INVESTMENTS."

Additional Senior Lien Obligations.. Subject to certain requirements, the Authority may issue or incur additional parity Senior Lien Obligations, as well as obligations secured by a junior lien on and pledge of the Pledged Revenues. See "THE BONDS – Outstanding and Additional Senior Lien Obligations" and "INVESTMENT CONSIDERATIONS – Issuance of Additional Senior Lien Obligations."

Redemption.................................... The Bonds maturing on and after December 1, 2032 are subject to optional redemption prior to maturity, as described herein. See "THE BONDS – Redemption – *Optional Redemption*." The Term Bonds (defined herein) are subject to mandatory sinking fund redemption on December 1 in the years and amounts set forth herein. See "THE BONDS – Redemption – *Mandatory Redemption*."

Tax Matters..................................... Interest on the Bonds is **not** excludable from gross income for federal income tax purposes under the existing law. See "TAX MATTERS"

Ratings .... The following ratings have been assigned to the Bonds. See "OTHER INFORMATION – Ratings."

KBRA	Moody's	S&P
AAA	Aa2	AA+

Payment Record .... The Authority has never defaulted in the payment of its debt.

Impact of COVID-19 .... For a discussion of the impact of COVID-19 (defined herein) on DART's financial and operating conditions, among other effects, see "IMPACT OF COVID-19 PANDEMIC ON DART."

Investment Considerations .... An investment in the Bonds involves a certain degree of risk. For further information, please see "INVESTMENT CONSIDERATIONS."

DALLAS AREA RAPID TRANSIT

CURRENT MEMBERS AND OFFICERS OF THE BOARD OF DIRECTORS

NAME	APPOINTED BY:	YEAR OF APPOINTMENT TO BOARD	OCCUPATION
Michele Wong Krause, ***Chair***	Dallas	2014	Attorney
Gary Slagel, ***Vice Chair***	Richardson, University Park, Towns of Addison, and Highland Park	2011	Technology Executive
Rodney Schlosser, ***Secretary***	Dallas	2020	Technology Insurance
Robert C. Dye, ***Assistant Secretary***	Plano and Farmers Branch	2020	Commercial Real Estate Developer
Flora Hernandez	Dallas	2021	Entrepreneur
Patrick Kennedy	Dallas	2016	Urban Planner
Jon-Bertrell Killen	Dallas	2017	Architect
Dominique P. Torres	Dallas	2017	Attorney
Hosanna Yemiru	Dallas	2021	Community Organizer
Eliseo Ruiz III	Dallas and Cockrell Hill	2018	Attorney
Jonathan R. Kelly	Garland	2016	Investment Advisor
Mark C. Enoch	Garland, Rowlett, and Glenn Heights	1997	Attorney
Richard H. Stopfer	Irving	2013	Retired Automotive Consultant and Mayor, City of Irving
Doug Hrbacek	Carrollton and Irving	2019	Business Development
Paul N. Wageman	Plano	2012	Attorney

APPOINTED OFFICIALS AND STAFF

Officer	Position
Nadine S. Lee*	President and Chief Executive Officer
Nicole Fontayne-Bárdowell **	Interim Chief Financial Officer and Executive Vice President/Chief Administrative Officer
Gene Gamez	General Counsel
Dwight Burns	Treasurer
Wallace Waits	Assistant Treasurer
Tadele Gelassie	Assistant Controller/Interim Assistant Vice President Controller

CONSULTANTS AND ADVISORS

Co-Bond Counsel .... Bracewell LLP
Dallas, Texas

West & Associates, L.L.P.
Dallas, Texas

McCall Parkhurst & Horton L.L.P.
Dallas, Texas

Co-Financial Advisors .... Estrada Hinojosa & Company, Inc.
Dallas, Texas

PFM Financial Advisors LLC
Chicago, Illinois

* On April 27, 2021, the Board named Nadine Lee as President and Chief Executive Officer, effective July 12, 2021.
** As of October 7, 2021, Nicole Fontayne-Bárdowell DART's Executive Vice President & Chief Administrative Officer, has assumed the duties and responsibilities of Interim Chief Financial Officer, while DART conducts the recruitment process to fill the position permanently.

Trustee and Paying Agent/Registrar..Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas

For additional information regarding the Authority, please contact:

Nicole Fontayne-Bárdowell Interim Chief Financial Officer and Executive Vice President/Chief Administrative Officer Dallas Area Rapid Transit 1401 Pacific Avenue Dallas, Texas 75202 (214) 470-9058	or	Dave Gordon Senior Managing Director Estrada Hinojosa & Company, Inc. 600 N. Pearl St., Suite 2100 South Tower Dallas, Texas 75201 (214) 743-1386	or	Jill Jaworski Managing Director PFM Financial Advisors LLC 190 South LaSalle Street, Suite 2000 Chicago, Illinois 60603 (312) 523-2424

OFFICIAL STATEMENT

Relating to

DALLAS AREA RAPID TRANSIT

$576,355,000
SENIOR LIEN SALES TAX REVENUE
REFUNDING BONDS
TAXABLE SERIES 2021A

INTRODUCTION

This Official Statement, which includes tables, a schedule and appendices hereto, provides certain information regarding the issuance by Dallas Area Rapid Transit (the "*Authority*" or "*DART*") of its Senior Lien Sales Tax Revenue Refunding Bonds, Taxable Series 2021A (the "*Bonds*"), in the aggregate principal amount captioned above.

Capitalized terms used in this Official Statement, except as otherwise indicated herein, have the meanings assigned to such terms in the Master Debt Resolution adopted by the subregional board of directors of the Authority (the "*Board*") on January 23, 2001, as amended (the "*Master Debt Resolution*"), and a Supplemental Resolution authorizing the issuance of the Bonds adopted by the Board on August 24, 2021 (the "*Twenty-Third Supplemental Debt Resolution,*" and together with the Master Debt Resolution, the "*Resolution*"), excerpts from which are attached as APPENDIX A1, including certain defined terms used in this Official Statement. The Twenty-Third Supplemental Debt Resolution recognizes and confirms the appointment of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as trustee (together with any successor, the "*Trustee*") for the sole purpose of holding certain funds for the payment of the Bonds authorized by the Resolution, as described herein. See "THE BONDS – Trustee/Paying Agent/Registrar."

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Authority and its finances. All descriptions of laws and documents contained herein are only summaries and are qualified in their entirety by reference to each such law and document. Copies of such documents may be obtained from DART's website, www.dart.org, or by contacting DART at the following address or phone number: Interim Chief Financial Officer, DART, 1401 Pacific Avenue, Dallas, Texas 75202, (214) 470-9058.

PLAN OF FINANCE

The Bonds

Proceeds of the Bonds will be used for the purposes of (i) refunding all or a portion of DART's Senior Lien Sales Tax Revenue Bonds described in Schedule I (the "*Refunded Obligations*"), and (ii) paying the costs of issuance of the Bonds.

Separate Issues

DART will issue its $448,965,000 Senior Lien Sales Tax Revenue Improvement and Refunding Bonds, Series 2021B (the "Series 2021B Bonds") which are expected to close on the same date as the Bonds. The Bonds and the Series 2021B Bonds are being offered under separate Official Statements and are separate and distinct securities offerings being issued and sold independently. While the Bonds and Series 2021B Bonds share common attributes, each issue is separate and should be reviewed and analyzed independently, including the terms of payment, the security for its payment, the rights of holders, and other features. The issuance of the Bonds is not contingent on the issuance of the Series 2021B Bonds.

Refunded Obligations and Escrow Fund

The principal of and interest due on the Refunded Obligations are to be paid on the scheduled principal payment dates, interest payment dates and the respective redemption dates of such Refunded Obligations from funds to be deposited pursuant to an escrow agreement (the "*Escrow Agreement*") between DART and Zion Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as escrow agent (the "*Escrow Agent*"). Concurrently with the initial delivery of the Bonds, against payment therefor, DART will deposit a portion of the proceeds of the Bonds, together with certain other funds of DART into an escrow fund (the "*Escrow Fund*") to be held by the Escrow Agent pursuant to the terms and provisions of the Escrow Agreement in the amount necessary to pay interest on the respective interest payment dates, on the respective principal payment dates and to accomplish the discharge and final payment of the respective Refunded Obligations on their respective redemption dates. Amounts on deposit in the Escrow Fund will be held in cash or used to purchase securities authorized by State law and the Master Debt Resolution (the "*Escrowed Securities*"). The amounts deposited to the Escrow Fund, together with investment earnings thereon, if any, are irrevocably pledged to the payment of the principal of and interest on the respective Refunded Obligations and are not available to pay debt service on the Bonds or on any other obligations of DART.

Causey Demgen & Moore P.C., a firm of certified public accountants (the "*Verification Agent*"), will verify at the time of delivery of the Bonds, to the Underwriters that the Escrowed Securities will mature and pay interest in such amounts which, together with earnings on such Escrowed Securities and cash in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the respective Refunded Obligations and will issue a report to this effect (the "*Verification Report*"). The Verification Report will be relied upon by Co-Bond Counsel in rendering their opinions with respect to the defeasance of the Refunded Obligations. See "OTHER INFORMATION – Verification of Mathematical Accuracy" herein.

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, DART will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Co-Bond Counsel that as a result of such defeasance and in reliance upon the Verification Report, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held by the Escrow Agent and such Refunded Obligations will not be deemed as being Outstanding obligations of DART and will not be payable from any other revenues of DART nor for the purpose of applying any limitation on the issuance of debt.

Sources and Uses of Funds

The following schedule reflects the sources and uses of proceeds of the Bonds:

SOURCES	**The Bonds**
Par Amount	$576,355,000.00
Original Issue Premium	23,762,757.55
Total Sources	$600,117,757.55
USES	
Deposit to Escrow Fund	$596,698,010.18
Underwriters' Discount	2,358,814.58
Cost of Issuance (1)	1,060,932.79
Total Uses	$600,117,757.55

(1) Costs of issuance include Co-Financial Advisors' (defined herein) fees, rating agencies fees, Trustee/Paying Agent/Registrar (defined herein) fees, legal fees of the Authority relating to the Bonds, printing expense, additional proceeds and rounding amounts.

THE BONDS

Description

Interest on the Bonds will accrue from their Date of Delivery, be payable on each June 1 and December 1, commencing June 1, 2022, until maturity or prior redemption, and be calculated on the basis of a 360-day year consisting of twelve 30-day months. Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, is the initial paying agent/registrar for the Bonds (the "*Paying Agent/Registrar*"). See "THE BONDS – Trustee/Paying Agent/Registrar."

The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any principal amount, one series and maturity. All Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("*DTC*"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC, for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

The Bonds are being issued pursuant to the Resolution and a Pricing Certificate pursuant to the authority granted by Chapter 1207, Texas Government Code, as amended, and Chapter 1371, Texas Government Code, as amended.

Redemption

Optional Redemption

Bonds maturing on and after December 1, 2032 are subject to redemption, in whole or in part in principal amounts equal to $5,000 or any integral multiple thereof, at DART's option on any day on and after December 1, 2031, at the redemption price equal to the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the redemption date, without premium. If less than all of the Bonds are to be optionally redeemed, DART shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof within such maturity and in such principal amounts, for redemption.

Mandatory Redemption

The Bonds maturing on December 1 in the year 2048 (the "*Term Bonds*") are being issued as term bonds and are subject to mandatory sinking fund redemption prior to their scheduled maturity in the following amounts (subject to reduction as hereinafter provided), on the following dates ("*Mandatory Redemption Dates*"), at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest to (but not including) the applicable Mandatory Redemption Date:

$300,000,000 Term Bonds Maturing December 1, 2048

Mandatory Redemption Date (December 1)	Principal Amount to be Redeemed
2037	$ 2,345,000
2038	2,405,000
2039	22,865,000
2040	23,475,000
2041	24,095,000
2042	24,735,000
2043	25,385,000
2044	33,140,000
2045	34,015,000
2046	34,915,000
2047	35,840,000
2048 (final maturity)	36,785,000

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount on such scheduled mandatory redemption date.

The principal amount of the Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of DART, by the principal amount of any Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) shall have been acquired by DART at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof; and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to an optional redemption and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption

The Paying Agent/Registrar is required to give notice of any redemption to the Holder of each Bond (or part thereof) to be redeemed by first class United States mail not less than thirty (30) days before the date fixed for redemption. The notice of redemption must state the redemption date, the redemption price, the place at which the Bonds are to be surrendered, and, if less than all the Bonds are to be redeemed, an identification of the Bonds or portions of the Bonds to be redeemed. Any notice so given is conclusively presumed to have been duly given, whether or not the Holder actually receives notice. Failure to give notice of redemption to any Holder of Bonds, or any defect therein, will not affect the validity of any proceedings for redemption of any Bonds for which notice was properly given.

The Paying Agent/Registrar and DART, so long as the Book-Entry system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Master Debt Resolution or Supplemental Debt Resolution or other notices only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice.

DART reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that DART retains the right to rescind such notice at any time on or prior to the scheduled redemption date if DART delivers a certificate to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption when such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of DART to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Payments of Principal and Interest

Interest on the Bonds will be payable to the Holders whose names appear in the Obligation Register at the close of business on the 15th day of the month next preceding each Interest Payment Date (the "*Record Date*"); provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from DART. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*," which will be at least 15 days after the Special Record Date) will be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the Bond Register at the close of business on the last Business Day next preceding the date of mailing of such notice. Interest on the Bonds will be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the Holder entitled to such payment, United States mail, first class postage prepaid, to the address of the Holder as it appears in the Obligation Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person will bear all risk and expenses of such other customary banking arrangements.

The principal of each Bond will be paid to the Holder on the due date thereof (whether at the Stated Maturity Date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent, initially in Houston, Texas. If a date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment will be the next succeeding Business Day, and payment on such date will have the same force and effect as if made on the original date payment was due.

Subject to any applicable escheat, unclaimed property, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Holders entitled thereto for three years after the applicable payment or redemption date will be paid to DART and thereafter neither DART, the Paying Agent/Registrar, nor any other person will be liable or responsible to any Holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds. Notwithstanding any other provision of this Official Statement, during any period in which the Bonds are held in book-entry-only form by DTC, payment of the principal, together with any premium, and interest on the Bonds, will be paid to DTC in immediately available or next day funds on each interest or principal payment date.

Security and Source of Payment

The Bonds are payable from and are secured by a first lien on and pledge of the (i) Gross Sales Tax Revenues, (ii) Pledged Farebox Revenues, and (iii) investment earnings credited to the Gross Sales Tax Revenue Fund (collectively, the "*Pledged Revenues*"). This lien is senior to the lien on Pledged Revenues that is created in the Master Debt Resolution in favor of all Subordinate Lien Obligations. To secure the Authority's obligations to pay compensation to, and to reimburse the expenses and costs of, and to indemnify the Trustee, the Trustee has a lien on Pledged Revenues prior to the Senior Lien Obligations. During the continuance of an Event of Default, the Trustee will apply all money, investments and the income therefrom that are on deposit in the Senior Lien Debt Service Fund first to the payment of Administrative Expenses owed on or with respect to the Senior Lien Obligations. For additional information regarding the Sales Tax and Gross Sales Tax Revenues, see "THE BONDS – Flow of Funds." See "– Outstanding and Additional Senior Lien Obligations" below and "Article II. PURPOSES, PLEDGE AND SECURITY" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions. Under the Resolution, the Authority has agreed to cause the Gross Sales Tax Revenues to be paid by the Texas Comptroller of Public Accounts (the "*Comptroller*") directly to the Trustee.

DART's Gross Sales Tax Revenues consist of the money it is entitled to receive under Chapter 452 of the Texas Transportation Code, as amended (the "*Act*"), and other State law from the levy and collection of the voter-approved 1% Sales Tax that is levied on taxable items and services that are sold or used within its boundaries. Such revenue and the investments thereof, if any, while held by the Trustee in the Gross Sales Tax Revenue Fund are included as part of the Pledged Revenues that secure all of the Bond Obligations. Additionally, the Authority has pledged the "Pledged Farebox Revenues" as security for all of the Obligations. The amount of the Pledged Farebox Revenues varies each year based on an established schedule. The Pledged Farebox Revenues schedule ranges from $22.9 million in 2021 to $71.4 million beginning in 2038 and thereafter so long as there are outstanding Obligations. See APPENDIX A2 – Pledged Farebox Revenues Schedule. In addition, Federal Interest Subsidy payments for the Build America Bonds (defined herein) that are deposited to the Senior Lien Debt Service Fund are pledged to the payment of Senior Lien Obligations. See "INVESTMENT CONSIDERATIONS – Sequestration of the Obligations designated as Build America Bonds." DART reserves the right (1) to pledge the other farebox revenues as security for the payment of Bond Obligations or any other obligations of DART and (2) to exclude any specified portion of farebox revenues from Pledged Farebox Revenues (including Special Revenues) by Supplemental Resolution, provided that Pledged Farebox Revenues in the amounts set forth above cannot be reduced as a result.

State law requires the sellers and suppliers of taxable items and services to collect the Sales Tax from consumers and to pay collected taxes to the Comptroller. The Comptroller receives and collects all such taxes that are imposed throughout the State of Texas (the "*State*") and pays them over to the agencies, such as DART, that levy them, net of a 2% collection fee and reserves for possible refunds.

THE BONDS ARE PAYABLE SOLELY FROM THE PLEDGED REVENUES AND THE PLEDGED FUNDS CREATED UNDER THE MASTER DEBT RESOLUTION AND THE TWENTY-THIRD SUPPLEMENTAL DEBT RESOLUTION, AND

NEITHER THE STATE, THE CITY OF DALLAS, TEXAS (THE "*CITY*"), THE PARTICIPATING MUNICIPALITIES (DEFINED BELOW), NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE WILL BE OBLIGATED TO PAY THE SAME OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, A PARTICIPATING MUNICIPALITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. NEITHER THE BONDS, DART'S OUTSTANDING BOND OBLIGATIONS, NOR ANY INSTRUMENT RELATED TO SUCH BONDS MAY GIVE A BONDHOLDER A RIGHT TO DEMAND PAYMENT FROM TAX PROCEEDS IN EXCESS OF THOSE COLLECTED FROM THE SALES TAX IMPOSED BY DART PURSUANT TO THE ACT. THE OWNERS OF THE BONDS DO NOT HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS OUT OF ANY FUNDS RAISED OR TO BE RAISED BY AD VALOREM TAXATION.

Outstanding and Additional Senior Lien Obligations

The Authority has reserved the right to issue or incur Additional Senior Lien Obligations and the right to pledge and grant liens on Pledged Revenues in the future on a basis subordinate to the pledge and lien securing the Senior Lien Obligations to secure Subordinate Lien Obligations. See "Article III. PERMITTED DART INDEBTEDNESS" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Senior Lien Obligations in the total aggregate principal amount of $3,091,255,266 were outstanding as of October 31, 2021, all of which are secured by a senior lien on and pledge of Pledged Revenues on a parity with the Bonds. See "DEBT AND OTHER OBLIGATIONS – Outstanding Debt" and "THE AUTHORITY – Capital Program."

In the Resolution, the Authority reserves the right to issue Additional Senior Lien Obligations (as further defined in "Article III. PERMITTED DART INDEBTEDNESS - *Additional Senior Lien Obligations*" of APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions) that may be secured by liens on and pledges of the Pledged Revenues on a parity with the lien thereon in favor of the Bonds, but only if:

(1) A written report by an independent professional economist broadly experienced in economic forecasting in the North Texas region, or an independent certified public accountant or accounting firm, reports to the Authority projections of Gross Sales Tax Revenues and the projections show that the estimated Gross Sales Tax Revenues for each of three consecutive Fiscal Years, beginning with the first Fiscal Year in which Debt Service will be due on the proposed Additional Senior Lien Obligations, are equal at least to 200% of the Debt Service that will be due on all Senior Lien Obligations that will be outstanding after the proposed new issue during each of such three Fiscal Years; or

(2) A certificate executed by the Chief Financial Officer of the Authority, showing for either the Authority's most recent complete Fiscal Year or during any consecutive 12 out of the most recent 18 months, its Gross Sales Tax Revenues were equal to at least 200% of the maximum Debt Service that will be due on all outstanding Senior Lien Obligations (exclusive of the amounts payable on Credit Agreement Obligations) and the proposed Additional Senior Lien Obligations during any of the current or any future Fiscal Year; and

(3) DART's Chief Financial Officer, certifies that it will receive Gross Sales Tax Revenues, during each of three consecutive Fiscal Years beginning with the Fiscal Year in which Debt Service is due on the proposed Additional Senior Lien Obligations, which will be equal to at least 100% (or such higher percentage as shall be required by a Supplemental Resolution) of the Debt Service on both Senior Lien Obligations and all Subordinate Lien Obligations during such three Fiscal Years; and

(4) DART satisfies any additional financial tests, or requirements, that may be contained in a Supplemental Resolution or Credit Agreement.

See "DEBT AND OTHER OBLIGATIONS – Debt Service Coverage."

Outstanding Subordinate Lien Obligations

Commercial Paper Notes. DART is presently authorized to issue and sell from time to time, up to $375,000,000, in Senior Subordinate Lien Commercial Paper Notes under its commercial paper programs (the "*CP Program*"). The CP Program is comprised of Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series I (Self-Liquidity) (the "*Series I Commercial Paper Notes*"), Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series IIA (the "*Series IIA Commercial Paper Notes*") and Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series IIB (the "*Series IIB Commercial Paper Notes*" and together with the Series IIA Commercial Paper Notes, the *"Series IIA and IIB Commercial Paper Notes"*), and Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series III (Extendible) (the "*Series III Commercial Paper Notes"* and together with the Series I Commercial Paper Notes and the Series IIA and IIB Commercial Paper Notes, the *"CP Notes"*). As of October 31, 2021, $131,500,000*

* The outstanding amount of $20,000,000 in Series I Commercial Paper Notes was paid off on November 9, 2021.

of CP Notes are outstanding. See "THE AUTHORITY – Capital Program" and "DEBT AND OTHER OBLIGATIONS – Outstanding Debt."

DART recently extended its Revolving Credit Agreement and Note Purchase Agreement with JPMorgan Chase Bank National Association to November 28, 2022 which secures up to $125 million of Series IIA and IIB Commercial Paper Notes. See "DEBT AND OTHER OBLIGATIONS – Outstanding Debt."

Sales Tax Rate Covenant

In the Resolution, the Authority has covenanted and agreed that, while any Obligations are outstanding, it will not reduce the rate at which its sales and use tax is levied below its current rate of 1% or take action to apply such tax to less than all taxable transactions. See "Article II. PURPOSES, PLEDGE AND SECURITY– Confirmation and Levy of Sales Tax" APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Flow of Funds

The Master Debt Resolution establishes (1) the procedure for handling the Gross Sales Tax Revenues from the point of release of the revenues by the Comptroller to the Trustee to the point they are released by the Trustee to the Authority; (2) the priorities of the liens that are created for the benefit of the Senior Lien Obligations, the Senior Subordinate Lien Obligations, and the Junior Subordinate Lien Obligations; and (3) the permissible investments thereof at the Authority's direction.

State law requires the Comptroller to deliver the net amount of the collected taxes to the Authority or for its benefit not less frequently than quarterly. Under current practice, the Comptroller delivers net tax collections monthly directly to the Trustee for the benefit of the Holders of Bond Obligations under the Master Debt Resolution and the payees of Administrative Expenses.

The Trustee is required to deposit money received from the Comptroller to the Gross Sales Tax Revenue Fund. On the day of receipt, the Trustee is required to withdraw that money and to make deposits to three debt service funds (the Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund, and the Junior Subordinate Lien Debt Service Fund, collectively referred to herein as "Debt Service Fund(s)" in amounts equal to the Accrued Aggregate Debt Service on the Bond Obligations of each lien ranking, beginning first with the Senior Lien Debt Service Fund, then the Senior Subordinate Lien Debt Service Fund, and finally the Junior Subordinate Lien Debt Service Fund, before any monies are released to DART for other uses.

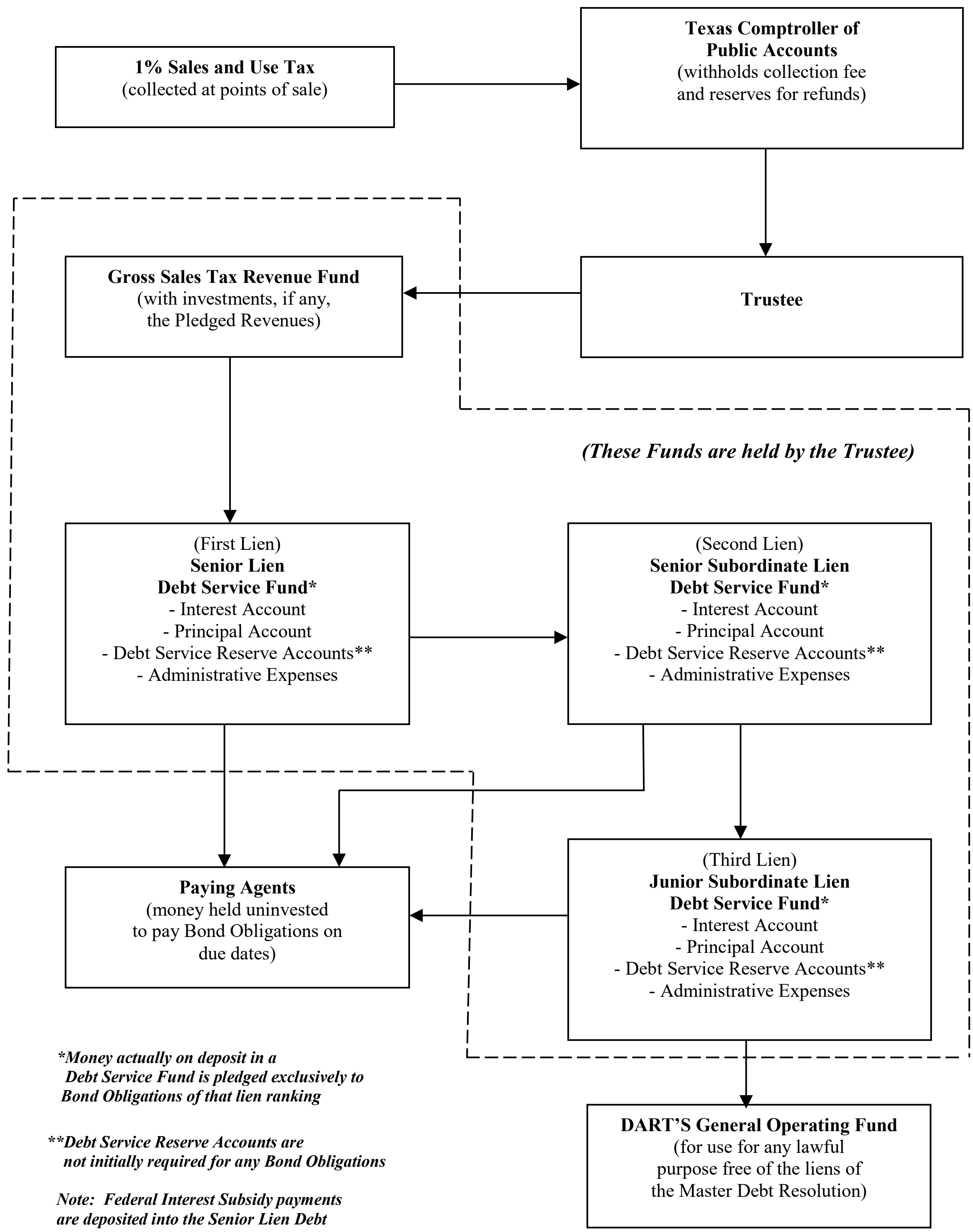
Money on deposit in a Debt Service Fund is pledged exclusively and irrevocably to the Bond Obligations of the applicable lien ranking.

If the monies received from the Comptroller are not sufficient to fill all three of the Debt Service Funds to the level of current requirements, they are filled in the order of lien ranking and any deficiencies are restored with the next available Gross Sales Tax Revenues. If amounts on deposit in any Debt Service Fund are not sufficient on any Interest Payment Date, mandatory redemption date or Stated Maturity Date, the Trustee is also required to deposit all the Pledged Farebox Revenues to the Debt Service Funds in the same order of priority as Gross Sales Tax Revenues.

If amounts on deposit in the Senior Lien Debt Service Fund are not sufficient on any Interest Payment Date, or Stated Maturity Date to make such payment then due, such an occurrence constitutes an Event of Default under the Master Debt Resolution. In such an event, the Trustee is required to deposit all Gross Sales Tax Revenues, the other Pledged Revenues and other funds required to be transferred to the Trustee by DART to the Senior Lien Debt Service Fund when and as received from the Comptroller or DART, respectively, until the Senior Lien Debt Service Fund has on deposit therein all current and past due amounts required to pay the Senior Lien Obligations. See "Article V. SPECIAL FUNDS, USES OF MONEYS" and "Article VII. DEFAULTS AND REMEDIES" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

If there is an excess of money over the amounts needed to make the required deposits to all three Debt Service Funds, and after restoring deficiencies, if any, the Trustee is required to deliver the excess revenue to DART, free and clear of the liens of the Master Debt Resolution.

When payments are due on Bond Obligations, the Trustee sends the required amounts from the applicable Debt Service Fund to the Paying Agent(s) for the maturing Bond Obligations, as shown in the following flow of funds chart:



Money actually on deposit in a Debt Service Fund is pledged exclusively to Bond Obligations of that lien ranking

*****Debt Service Reserve Accounts are not initially required for any Bond Obligations***

Note: Federal Interest Subsidy payments are deposited into the Senior Lien Debt Service Fund, as received

Note: Pledged Farebox Revenues are held in the General Operating Fund and are only required to be transferred to the Senior Lien Debt Service Fund if the amounts therein are insufficient to pay debt service on the Bond Obligations.

Investment of Funds

Amounts in any fund or account may be invested by the Trustee at the direction of the Authority solely in investments authorized for the investment of the Authority's funds. The Resolution imposes no additional credit or term limitations on the investments, except that investments must mature by the date when invested funds are expected to be applied. See "Article V. SPECIAL FUNDS, USES OF MONEYS" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Defeasance

DART may discharge its obligations to pay Debt Service on all or any portion of the Bonds and related Administrative Expenses, and thereby obtain a release of the pledge and lien of the Master Debt Resolution and Twenty-Third Supplemental Debt Resolution as to such Bonds, by depositing irrevocably with a trustee or escrow agent moneys which, together with earnings thereon from investment in "Government Securities," as verified by a nationally recognized firm of independent certified public accountants or accounting firm, will be sufficient to pay such amounts on such Bonds to maturity or prior redemption, in all cases in accordance with the terms and provisions set forth in the Master Debt Resolution. See "Article X. DISCHARGE OF RESOLUTION" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Trustee/Paying Agent/Registrar

The initial Trustee and Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. In the Resolution, the Authority retains the right to replace the Trustee and Paying Agent/Registrar. In addition, the Trustee and Paying Agent may resign under conditions set out in the Resolution. The Authority covenants to maintain and provide a Trustee and Paying Agent/Registrar for Senior Lien Obligations, including the Bonds, at all times until such Senior Lien Obligations are duly paid. Any successor Trustee or Paying Agent/Registrar must be a national banking association or a bank, trust company, duly organized under the laws of any State of the United States authorized to exercise corporate trust powers within the State and shall be authorized by laws to perform all duties imposed upon it by the Resolution. At the time of its appointment, any successor Trustee shall have a capital stock and surplus aggregating not less than $50,000,000. The Resolution provides that no resignation or removal of the Trustee may be effective until a successor has been appointed, qualified and accepted its appointment.

The Trustee has been appointed for the sole purpose of holding, administering, depositing, securing, investing, and using the Pledged Revenues as expressly provided for in the Resolution. The Trustee is not empowered to enforce the Resolution or otherwise act on behalf of the Holders of the Bonds. See in "Article VIII. The Trustee" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Amendments to the Master Debt Resolution or Supplemental Resolution

The Resolution constitutes a contract with the Holders, from time to time, of the Bonds, is binding on the Authority and the Trustee, and shall not be amended or repealed by the Authority so long as any Bonds remain Outstanding, except as follows. The Authority may, without the consent of or notice to any Holders, but with notice to the Trustee, from time to time and at any time, amend the Resolution, in any manner not detrimental to the interests of the Holders of the Bonds authorized thereby, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the Authority may, with the written consent of the Holders who own in the aggregate 51% of the principal amount of such Bonds then Outstanding, amend, add to or rescind any of the provisions of the Resolution; provided that, without the consent of all Holders of Outstanding Bonds authorized thereby, no such amendment, addition, or rescission shall permit a change in the terms of redemption or maturity of the principal of and interest on such Bonds, reduce the principal amount thereon or the redemption price, or the rate of interest thereof. See "Article IX. AMENDMENTS TO RESOLUTION" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Official Statement. The Authority and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participants to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") or Clearstream Banking, S.A. ("Clearstream") (DTC, Euroclear and Clearstream together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Authority believes to be reliable, but none of the Authority or the Underwriters takes any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems for the Bonds are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Authority and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

DTC Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law (N.Y. Banking Law 2 (Consol. 2018)), a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Paying Agent/Registrar, on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Euroclear and Clearstream. Euroclear and Clearstream have advised the Authority as follows:

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

General. The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority and the Underwriters will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement. Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Authority on the date of delivery of the Bonds.

Secondary Market Trading. Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. The Authority and the Underwriters expect that the Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification number, common code and CUSIP number for the Bonds are set out on the cover page of this Official Statement.

General. None of Euroclear, Clearstream or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Authority, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Authority and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Bonds, references in this Official Statement to registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Because DTC is treated as the owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Authority or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

The Authority will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any Bonds including without limitation, any notice of redemption with respect to any Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry-only system hereinabove described, the Authority may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the Bonds;
- giving notices of redemption and other matters with respect to the Bonds;
- registering transfers with respect to the Bonds; and
- the selection of Bonds for redemption.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but the Authority and the Underwriters take no responsibility for the accuracy thereof.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Authority, printed Bond certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution.

THE AUTHORITY

General

DART is a subregional transportation authority of the State, created and confirmed by a referendum passed on August 13, 1983, pursuant to Article 1118y of Vernon's Annotated Texas Civil Statutes, as amended and recodified into the Act, effective September 1, 1995. The Act authorizes the Authority to provide public transportation and complementary services within the corporate limits of the Participating Municipalities.

DART's Boundaries, Additions, Withdrawal Rights

DART's current boundaries include the following municipalities: The Cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett, and University Park and the Towns of Addison and Highland Park, Texas (the "*Participating Municipalities*"). Its boundaries encompass approximately 700 square miles (the "*Service Area*") and contain an estimated 2021 population of 2.53 million persons, according to information obtained from the North Central Texas Council of Governments (the "*NCTCOG*").

If a municipality that the Authority does not currently serve is located at least in part in a county that the Authority serves, the municipality may become a Participating Municipality by holding an election in accordance with the Act at which its joinder with the Authority and the imposition of the Sales Tax is approved by its voters.

Under the Act, a Participating Municipality has the right to call an election at which its voters may vote to withdraw as a Participating Municipality every sixth calendar year. This process can be initiated by either official action of the Participating Municipality's governing body or by citizen petition. A withdrawal election may be held in 2026.

If a withdrawal election is held and voters approve withdrawal from DART, all of its public transportation services to and within the withdrawing municipality must cease on the day following the canvass of the election returns. The Comptroller must continue to collect the Sales Tax within that municipality until DART has collected an amount equal to the withdrawing municipality's pro-rata share of DART's financial obligations that existed at the time of withdrawal.

Under the Act, DART's Board must calculate a withdrawing municipality's financial obligation to the Authority as of the date of withdrawal. This financial obligation shall equal such municipality's portion of the total amount of the following:

- The Authority's outstanding obligations under contract and authorized in its current budget;
- The Authority's outstanding contractual obligations for capital and other expenditures payable from sources other than proceeds of notes, bonds, or other obligations;
- Payments due or to become due in all subsequent years on notes, bonds, or other securities or obligations for debt issued by the Authority;
- The Authority's required reserves for all years to comply with financial covenants made with lenders, note or bond Holders, or other creditors or contractors; and

- The amount necessary for the full and timely payment of the Authority's existing obligations, to avoid a default or impairment of those obligations, including contingent liabilities.

Any of the Authority's financial obligations that specifically relate to such withdrawing municipality will be allocated completely to such municipality.

Board of Directors

DART is governed by 15-member subregional board of directors (the "*Board*"). The governing bodies of the Participating Municipalities appoint members to DART's Board according to the ratio of the population of each Participating Municipality to the total population within DART's boundaries. A Participating Municipality having a population which entitles it to make a fraction of an appointment may combine that fraction with one or more other Participating Municipalities to make one appointment, but no Participating Municipality may appoint more than 65% of the members of the Board. The Board is restructured whenever there is a change in the member municipalities or every fifth year after the date census data or population estimates become available.

Each Board member serves at the pleasure of the governing municipal unit that appoints the member. Board members serve staggered two-year terms. Eight of the member terms begin on July 1 of odd-numbered years and seven of the member terms begin July 1 of even-numbered years. Each member is entitled to receive $50 for each Board meeting attended and is reimbursed for necessary and reasonable expenses incurred in the discharge of the member's duties. A list of the current members of the Board, the position held by each member and the appointing entity for each member are listed on page ix hereof.

Management

The Board appoints DART's President and Chief Executive Officer. The President and Chief Executive Officer's duties include:

- Administering DART's daily operations, including the hiring, compensation, and removal of employees;
- Awarding contracts for services, supplies, capital acquisitions, real estate, and construction without Board approval if the amount of any such contract does not exceed $100,000; and
- Awarding contracts of up to $250,000 without Board approval for standard off-the-shelf commercial products.

Additional staff positions that report directly to the Board include the General Counsel, a Director of Internal Audit, and a Director of the Office of Board Support.

Following is selected biographical information for certain principal administrative officers and staff of DART:

Nadine Lee (President & Chief Executive Officer) joined DART in July 2021 as DART's President and Chief Executive Officer. Ms. Lee is an experienced transit industry leader and engineer who has worked in the transportation industry for nearly 30 years. Before joining DART, she served as the chief of staff of the Los Angeles County Metropolitan Transportation Authority (L.A. Metro). Previously, Ms. Lee was the deputy chief innovation officer in L.A. Metro's Office of Extraordinary Innovation. She is a registered professional engineer in Colorado and Kansas. Ms. Lee obtained her Bachelor of Science in Civil Engineering from the University of Missouri-Columbia.

Nicole Fontayne-Bárdowell (Interim Chief Financial Officer and Executive Vice President/Chief Administrative Officer) joined DART in June 2014 with more than 14 years of experience as a chief information officer and director of information technology with the City of Detroit, Michigan and Broward County, Florida. She is DART's Executive Vice President, Chief Administrative Officer in which she leads the Information Technology Department and has supervisory responsibility for Management Information Systems, Intelligent Transportation Systems Technology, Networks, and Telecommunications. Ms. Fontayne-Bárdowell also oversees Human Resources, Marketing and Communications, and Procurement. Fontayne-Bárdowell was recently assigned as the Interim Chief Financial Officer. She obtained a Master's Degree in Public Administration from Nova Southeastern University and a Bachelor of Arts in Political Science from Roosevelt University.

Dwight Burns (Treasurer) joined DART in 2015 with 15 years of wide-ranging experience in public finance. Previously, he was a senior vice president with Siebert Brandford Shank, working as a municipal bond investment banker. Before that, he served as an executive vice president at Estrada Hinojosa & Company, Inc., working as bond financial advisor and investment banker for several major Texas bond issuers. Mr. Burns obtained a Master's Degree in Public Affairs and a Bachelor of Arts in Government from The University of Texas at Austin.

Tadele Gelassie (Assistant Controller/Interim Assistant Vice President Controller) joined DART in 2002. Mr. Gelassie is a certified public accountant with a master's degree in Accounting from The University of Texas at Arlington. He has 25 years of accounting and financial reporting experience in both private and public sectors. He is currently leading the Accounting and Financial Reporting, Accounts Payable, Corporate Card Program, and Payroll functions of DART. In Mr. Gelassie's 20 years with DART, he has been instrumental in maintaining DART's accounting records and preparing financial statements in accordance with generally accepted accounting principles (GAAP) and assisting with DART's audit reports for 20 years in a row.

Gene Gamez (General Counsel) joined DART in 2000. He provides legal advice and assistance to DART's Board, the President and Chief Executive Director, the Internal Auditor, the Director of Board Support and supervises the DART Legal Department. Prior to

Mr. Gamez' selection as General Counsel in 2019, he served as DART's assistant general counsel and senior assistant general counsel, where he defended DART in personal injury cases, labor and employment matters, contract disputes, civil rights cases, civil appeals and acted as legal advisor to the DART Police Department. He obtained his Juris Doctor degree from Texas Southern University's Thurgood Marshall School of Law.

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Transit System

DART's current mass transit services include:

- Bus transit service including GoLink on-demand services;
- Mobility Management services including ADA complementary paratransit services;
- Light rail transit (LRT) service;
- Commuter rail service;
- Transportation Demand Management (TDM) services including RideShare matching services for carpools and vanpools; and
- Special events service provided through the modes listed above.

The table below highlights total system ridership by mode for the last ten years and eleven-month period ended August 31, 2021 (unaudited). **For a discussion of the effect of COVID-19 (defined herein) on total system ridership for the fiscal year ended September 30, 2020 and during the eleven-month period ended August 31, 2021, see "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data**."

Total System Ridership (millions)							
Fiscal Year	Bus	LRT(1)	Commuter Rail	HOV(2)	Paratransit	TDM	Total(2)
2011	37.2	22.3	2.4	48.0	0.8	1.0	111.8
2012	38.7	27.7	2.3	34.4	0.8	1.0	104.9
2013	38.0	29.5	2.1	36.3	0.7	0.9	107.5
2014	37.4	29.4	2.3	21.4	0.7	0.9	92.1
2015	36.5	29.9	2.2	22.3	0.8	0.9	92.5
2016	33.7	29.7	2.1	N/A	0.8	0.8	67.1
2017	32.1	30.1	2.1	N/A	0.8	0.7	65.8
2018	30.2	29.0	2.0	N/A	0.8	0.7	62.7
2019	38.7	28.6	2.0	N/A	0.9	0.6	70.8
2020	27.8	20.3	1.3	N/A	0.6	0.3	50.3
2021(3)	18.2	13.2	0.7	N/A	0.5	0.03	32.6

(1) Streetcar ridership is included in the LRT totals.
(2) Reporting of high occupancy vehicle ("*HOV*") ridership was discontinued effective 10/01/2015. Totals may not sum due to rounding.
(3) Cumulative amount for the eleven-month periods ended August 31, 2021. See "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."

Note: DART implemented the Automatic Passenger Counter (APC) system with its LRT service beginning in 2012 and bus and commuter rail services beginning in 2019. These counters have proven to be considerably more accurate than the Authority's previously used manual ridership counting methodology. The APC data demonstrated that DART underreported fixed-route ridership by approximately 23% until 2018.

The total system ridership and fixed-route ridership numbers are set forth in the table given above. Fixed-route service includes bus, light rail, and commuter rail operations. Total system ridership includes fixed-route, paratransit, and vanpools. Ridership figures are based on the number of unlinked passenger boardings (each passenger boarding is counted as one trip). Total system ridership in Fiscal Year 2020 was 50.3 million, a decrease of 20.5 million (28.9%) from Fiscal Year 2019. See "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."

The Authority contracts for all of its paratransit and commuter rail services. While DART remains responsible for these programs, its contracts establish operating performance standards which the contractors are expected to meet.

— Bus Transit (55.3% of total system ridership in Fiscal Year 2020)

DART's bus system provides local, express, crosstown, On-Call, Flex, feeder bus routes and site-specific shuttles. Local routes are focused on the Dallas Central Business District (CBD) and serve the largest and densest concentration of employment in the Service Area. The routes are characterized by stops at one to two block intervals along their stop segments. Service is provided six to seven days a week.

— Light Rail Transit (40.4% of total system ridership in Fiscal Year 2020)

Light rail transit is an electrically powered rail system that generally operates at street level. A 20-mile "Starter System," opened in phases from June 1996 through May 1997, and connected South and West Oak Cliff, downtown Dallas, and the North Central Expressway corridor as far north as Park Lane in Dallas. In 2002, DART's light rail was extended to North Dallas, Garland, Richardson, and Plano. In 2009, the first phase of the Green Line opened southeast of downtown Dallas with the remainder opening in 2010. In July 2012, the first segment of the Orange Line to Irving opened for service. In December 2012, Irving-2 and the Rowlett extension of the Blue Line opened for service. In August 2014, LRT service opened at the Dallas-Fort Worth International Airport ("DFW Airport"). The Blue

Line extension from downtown Rowlett to the University of North Texas – Dallas opened in October 2016. DART's total LRT system consists of 93 miles and 65 stations.

— Commuter Rail (2.6% of total system ridership in Fiscal Year 2020)

DART's commuter rail system, commonly referred to as the Trinity Railway Express (the "*TRE*"), provides diesel powered passenger railroad services on the TRE Corridor between Dallas and Fort Worth, in mixed traffic with freight railroad operations. The 34-mile corridor is jointly owned by DART and Trinity Metro. TRE service is provided pursuant to an interlocal agreement between DART and Trinity Metro. This agreement was originally entered into in 1994 and was restated and adopted by the Board and the Trinity Metro board of directors from time to time, as necessary, and most recently in 2021.

Pursuant to Trackage Rights Agreements, the Burlington Northern Santa Fe, the Dallas Garland and Northeastern, and the Union Pacific railroads pay a fee for the right to operate freight services on the TRE corridor. TRE, through its contractor, Herzog Transit Services, Inc., dispatches and maintains the corridor as well as operates the service and maintains the rolling stock used in the service.

— Paratransit (1.2% of total system ridership in Fiscal Year 2020)

DART is responsible for providing complementary paratransit service in accordance with the Americans with Disabilities Act of 1990 ("*ADA*"). In Fiscal Year 2013, DART changed its delivery model to contractor-provided vehicles and per trip billing replacing per hour billing and a new contractor, MV Transportation, Inc. (MV), for providing paratransit service. MV provides, operates, and maintains a fleet of 80 Starcraft vehicles in dedicated service. MV also oversees and manages a fleet of approximately 115 Dodge Entervans outfitted by Braun, which are taxi vehicles provided and operated by Irving Holdings.

— Transportation Demand Management (0.6% of total system ridership in Fiscal Year 2020)

DART works with area employers to develop strategies for reducing employee trips, such as the implementation of carpools, vanpools, and flexible work schedules. The Authority provides up to 179 vans for its vanpool program through a third-party contractor. DART also assists customers in forming carpools. Prospective carpoolers can call in and provide DART with information for its RideShare database. DART then works to link-up customers with common trip origins and destinations.

Fleet Replacement Policies

Bus Replacement. The Authority's fleet replacement plan is designed to ensure service reliability and to meet Federal Transportation Administration ("*FTA*") standards. The process of replacing the entire bus fleet was completed in Fiscal Year 2017. The Authority will start replacing the On-Call fleet in 2022, and projects to revise the fleet down from 112 smart buses to a not-to-exceed amount of 47 total buses, which includes up to 37 compressed natural gas (CNG) buses and up to 10 battery-powered buses. The next bus fleet replacement is scheduled to occur 2025-2028. The Authority may alter the rate of fleet retirement to address unanticipated service changes and service demands. The Authority's replacement plan is reviewed annually with any updates being incorporated into the capital and operating budgets, accordingly.

Light Rail Vehicle Replacement. The Authority's light rail vehicle replacement plan is designed to preempt in-service vehicle failures, to improve reliability, enhance the customer experience, and meet FTA standards. In accordance with FTA standards, the Authority assumes a life expectancy of 30 years of each light rail vehicle. Currently, the light rail vehicle fleet consists of 163 light rail vehicles, which were purchased starting in 1996 through 2011. In Fiscal Year 2020, the Authority began the procurement process for the replacement of up to 95 the 163 light rail vehicles, which is expected to be completed in Fiscal Year 2028.

Fiscal Year 2022 Annual Budget

The Act requires the Board to develop, recommend, and approve an annual budget. The Board must make its proposed annual budget available to the governing bodies of the Participating Municipalities for review and comment at least 30 days prior to its final adoption. The annual budget, which corresponds to the first year of DART's financial plan for the next twenty fiscal years (the "*Twenty-Year Financial Plan*"), enumerates the amounts authorized for operating expenses, capital and non-operating costs, and debt service.

On September 14, 2021, the Board formally adopted the Fiscal Year 2022 Annual Budget and Twenty-Year Financial Plan. The Fiscal Year 2022 Annual Budget totals approximately $1.629 billion which is comprised of $580.4 million in operating expenses; $841.9 million in capital and non-operating expenses; and $206.5 million in debt service. For a discussion of the effect of COVID-19 on the Fiscal Year 2021 Annual Budget, see "IMPACT OF COVID-19 PANDEMIC ON DART–Summary of DART Actions Taken in Response to COVID-19."

The Twenty-Year Financial Plan addresses the affordability of DART's transit system plan (the "*Transit System Plan*") and the timing of service and capital expansion projects. The Twenty-Year Financial Plan details projected sources and uses of cash for twenty years. The approved annual budget is used as the first year of the Transit System Plan. DART's annual business plan (the "*Business Plan*") is reflected in the first five years of the Transit System Plan. The final 15 years of the plan validate the affordability of DART's long-range Transit System Plan and include DART's commitments for future System (defined below) expansion and the issuance and repayment of debt. See "– Capital Program."

Substantial risks that could cause a variance between actual and budgeted expenses include possible increases in pension and other employee benefit funding requirements, possible increases in unhedged energy costs or failures of hedges, increased costs from possible storm damage and other risks that cannot be predicted or avoided. The Authority's budgets do not employ generally accepted accounting principles since they are prepared to manage, rather than to fairly present, the financial condition and performance of the Authority. Accordingly, the information included in the Authority's budgets may differ from the financial information and operating data appearing in this Official Statement.

Capital Program

Silver Line Project

The Silver Line Project (formerly known as the Cotton Belt Regional Rail Project) is a 26-mile regional rail project through seven cities and connects to DFW Airport. The final environmental impact statement/record of decision (FEIS/ROD) from both FTA and FAA was received in November 2018. A design build contract was awarded in January 2019 and construction is anticipated to be completed in 2024. The Silver Line Project has a current total budget of $1.89 billion and is expected to be funded with federal grants, local funds, and debt obligations which includes RRIF Financing (defined below). On May 25, 2021, the Board approved a financial plan amendment for the Silver Line Project increasing the total budget by $633 million to its current amount to address cost of scope changes resulting from Participating Municipalities' requests; risk contingency for the anticipated outcome of agreements with other agencies and railroads; anticipated costs to resolve challenges associated with real estate acquisitions; and risk contingency to address contractor's pending delay claims, including potential price escalation. The construction status for the Silver Line Project as of September 30, 2021, includes ongoing utility relocations, bridge foundations, and station site work. The project is approximately 5% complete.

The Twenty-Year Financial Plan also includes anticipated revenue service along the Silver Line corridor in 2024. This service will connect with DART's Green Line in Carrollton, the Red Line in Richardson and Plano, and the Orange Line at DFW Airport. On February 24, 2021, DART authorized its Senior Lien Sales Tax Revenue Bonds, Taxable Series 2021 (the "*Series 2021 RRIF Bonds*") in the principal amount of $908,000,000 in connection with its USDOT Railroad Rehabilitation Improvement Financing loan (the "*RRIF Financing*") related to the Silver Line Project. The Series 2021 RRIF Bonds refunded and restructured DART's Senior Lien Sales Tax Revenue Bonds, Taxable Series 2018 (the "*Series 2018 RRIF Bonds*") and reduced the borrowing interest rate to 2.26%. The total allowable principal amount of the Series 2021 RRIF Bonds is $908,000,000 of which $50,000 has been drawn down as of October 31, 2021. Currently, $360.8 million is anticipated to be drawn down in Fiscal Year 2022, and then draws are expected to be made in installments from Fiscal Year 2023 through Fiscal Year 2024. Similar to the Series 2018 RRIF Bonds, the Series 2021 RRIF Bonds are Senior Lien Obligations. Several regional sources of funds and scope modifications are detailed in the Fiscal Year 2022 Business Plan (including the Fiscal Year 2022 Annual Budget and Twenty-Year Financial Plan) posted on the Authority's website at www.dart.org.

For purposes of providing interim financing with respect to the Silver Line Project and other projects, the Board has authorized two series of Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, being the Series IIA and Series IIB Commercial Paper Notes in the combined maximum principal amount outstanding from time to time of $125,000,000 and the Series III Commercial Paper Notes in the maximum principal amount outstanding from time to time of $125,000,000. Currently, $96,500,000 of Series IIA and Series IIB Commercial Paper Notes are outstanding, which were issued to support the Silver Line Project. There are $15,000,000 Series III Commercial Paper Notes outstanding. DART is authorized also to use the Series I Commercial Paper Notes for the Silver Line Project in an amount up to $125,000,000; however, the outstanding $20,000,000[*] was used to purchase buses. See "DEBT AND OTHER OBLIGATIONS – Outstanding Debt."

D2 Subway Project

The Dallas Central Business District Second Light Rail Alignment project ("*D2 Subway Project*") was refined from a mostly at-grade option to a subway alternative option in September 2017. This decision extended project development beyond DART's two-year timeframe, and as a result DART is continuing project development with local funds. FTA, in cooperation with DART issued the FEIS/ROD along with 30% design in April 2021. Given the potential for the Dallas City Council and DART Board to consider resolutions in early 2022 to modify the project's East End alignment, DART anticipates additional time to conduct design activities and achieve environmental clearance for the new segment before entry into the FTA Engineering phase. The D2 Subway Project has a current total budget of $1.94 billion and is expected to be funded with federal grants, local funds, and debt obligations. On May 25, 2021, the Board approved an increase of the D2 Subway Project total budget by $480 million to its current amount due to changes in external funding assumptions caused by inflation and a delayed revenue service date of 2028, previously 2024.

The Board reauthorized the issuance of Senior Lien Sales Tax Revenue Bonds in the maximum principal amount of $810,000,000 on September 28, 2021 with such authority expiring on March 31, 2022. Issuance of such Senior Lien Obligations is contingent upon approval by the City of Dallas and the DART Board of the final alignment, the award and execution of the full-funding grant agreement with the Federal Transit Administration, and the confirmation that the proposed debt issuance conforms to the Twenty-Year Financial Plan as approved for fiscal year 2022. On March 24, 2021 the City of Dallas passed a resolution supporting the D2 Subway Project which action is expected to strengthen DART's application for the FTA Core Capacity grant and allow the project to proceed into the next phase of the FTA process pending completion of an evaluation of potential alignment changes on the East End corridor of the

[*] The outstanding amount of $20,000,000 in Series I Commercial Paper Notes was paid off on November 9, 2021.

project. The Board and Dallas' City Council are expected to consider resolutions to modify the alignment in early 2022. The timing for the issuance of such Senior Lien Obligations has not been determined but is not expected in Fiscal Year 2022.

<u>*Other Capital Projects*</u>

In addition to the Silver Line Project and the D2 Subway Project, DART's annual capital and non-operating expenditures include LRT expansion; TRE track work; vehicle and facility capital maintenance programs, facilities, infrastructure among other projects. The Fiscal Year 2022 Annual Budget for capital expenditures includes a Program of Interrelated Projects (the "*Program*") to address capacity needs under the U.S. Department of Transportation's ("*USDOT*") Federal Transit Administration ("*FTA*") Capital Investment Grant Program. The Program, which includes the D2 Subway Project, also consists of the following projects:

- Platform modifications at 28 stations on the Red and Blue lines to accommodate three-car trains ("*Red and Blue Line Platform Extensions Project*"). The Red and Blue Line Platform Extensions Project received a Full Funding Grant Agreement in May 2019 under the Program as a core capacity project. Phased construction is underway and will be complete in 2022.; and
- a central streetcar link in downtown Dallas.

For a discussion of the effect of COVID-19 on DART's capital program, see "IMPACT OF COVID-19 PANDEMIC ON DART–Summary of DART Actions Taken in Response to COVID-19."

Future Expansions

The Board periodically updates DART's Transit System Plan. The most recent update, the 2030 Transit System Plan, was adopted in October 2006. Several projects in the Transit System Plan have been completed. The Silver Line Project, D2 Subway Project, and the Red and Blue Line Platform Extensions Project are three significant projects that are in development or under construction. See "–Capital Programs." Additional transit programs and projects under consideration as part of the 2045 Transit System Plan include LRT modernization programs, a bus corridor improvement program to support core frequent routes and future bus rapid transit, along with a range of opportunities to enhance rider experience and service and mobility options.

DART is working on an update to the Transit System Plan to the year 2045. DART's 2045 Transit System Plan will provide a strategic guide to shape DART's future and outline opportunities under five themes – Rider Experience, Service and Expansion, Mobility and Innovation, Land Use and Economic Development and Collaboration. The plan will document:

- DART's committed capital expansion program and future opportunities to enhance and/or expand transit network and sustain it into the future.
- DART's transit service strategy for the future including the bus network redesign ("*DARTzoom*") recommendations to ensure it keeps up with growth, enhances access and mobility for riders, integrates technology, and remains flexible and adaptable to emerging technologies. DARTzoom, is a budget-neutral, hybrid design that combines ridership-oriented features, including frequency improvement, wider service span, and more weekend service while maintaining and improving coverage via their shuttle service ("*GoLink*") service expansion.
- Opportunities to leverage existing and planned infrastructure and services through supportive land use, zoning, parking and other policies at the local and regional level.
- Collaboration for key regional opportunities beyond DART's Service Area.
- A stand-alone Streetcar Master Plan report is being developed to outline potential streetcar opportunities within DART's Service Area.

A Draft 2045 Transit System Plan was approved by the DART Board of Directors on September 28, 2021. The draft plan is currently under review by the public and Participating Municipalities. Board consideration to approve the final plan will be in January 2022. DARTzoom is expected to begin service in January 2022.

Environmental and Sustainability Management

Since forming as a public transit agency in 1983, DART has a long history of sustainable planning, project development, as well as operations and maintenance practices. This commitment was memorialized in December 2011 when DART became a signatory to the American Public Transportation Association (APTA) Sustainability Program. With this commitment, DART completed several initiatives in 2012 to develop and advance sustainability. These actions led to the development of the first DART Sustainability Framework Plan (December 2012) and the DART Baseline Sustainability Report, submitted to APTA in December 2012 (amended May 2013). In July of 2013, DART received the Bronze recognition level from APTA.

As DART has carried out its mission to develop and construct its growing multi-modal system in one of the fastest growing metropolitan areas in the country, DART's sustainable practices have evolved with industry technologies and practices. DART has frequently been an industry leader in the field of implementing sustainable practices, particularly in the area of fuel technologies, facility waste reduction, innovative service planning, business technologies, and initiatives to optimize and preserve its existing public transportation system (the "*System*").

The APTA Sustainability Program has evolved since 2013, including opportunities for agencies to reference social considerations and economic impacts of their agency footprints for the communities they serve and a focus on energy and environment, highlighting the value of moving to cleaner fuel sources to help reduce emissions and thus impact a region's climate mitigation efforts.

DART updated its Sustainability Plan in 2018 to help guide and track DART's sustainability activities. In addition to this plan, DART has several policies and internal department procedures that support sustainability and environmental management practices, that include integrating sustainable design into early planning processes, maintaining/replacing fleet, final design and construction projects. Some of DART's recent accomplishments include:

- In September 2021, DART was awarded its third Gold among 22 public sector fleets for efforts to reduce emissions and improve fuel efficiency of their fleets. The award is presented by DFW Clean Cities a program of the NCTCOG and the Regional Transportation Council. In order to be recognized, public entities must have adopted NCTCOG's "*Clean Fleet Policy*". As of February 2021, seventy-six (76) entities in the DFW area have adopted the Clean Fleet Policy.

- In August 2021, DART signed on for the FTA Sustainable Transit for a Healthy Planet Climate Challenge, and will be updating the Sustainability Plan including an agency climate action plan by Spring 2022 to show progress in meeting the challenge.

- In November 2020, DART was honored as a Texan by Nature (TxN20) in which it was recognized along with 21 companies with Texas operations for demonstrating a commitment to conservation.

- In September 2018, DART was awarded Bronze by DFW Clean Cities.

- In November 2011, Monroe Shops, a former streetcar maintenance barn, now the home of the Dallas Area Rapid Transit Police, was the first publicly owned building listed on the National Register of Historic Places to achieve the LEED® Platinum Certification based on DART's efforts to restore and renovate the building.

- DART is currently updating its Transit System Plan to year 2045 and is including sustainability principles into the Transit System Plan, while also exploring opportunities to integrate sustainability objectives into future procurement materials for the D2 Subway project.

- DART is adopting policies to promote green purchasing and efficient lifecycle costing. DART's Procurement Department has a Green and Sustainable Practices Policy to purchase recycled content and environmentally preferred products. This policy supports the recycling hierarchy of reduce-reuse-recycle through minimizing the creation of waste, reusing materials, recycling materials that cannot be source-reduced, and purchasing recycled content and environmentally preferred products. Components of this policy include:

  - Requiring waste prevention, recycling, market development and use of recycled/recyclable materials through lease agreements, contractual relationships and purchasing practices with vendors, contractors, businesses, and other public and governmental agencies.
  - Generating less waste material by reviewing how supplies, materials, and equipment are manufactured, purchased, packaged, delivered, used, and disposed.

- DART is integrating sustainable infrastructure and design into future projects. DART's Silver Line Project will be using recycled tires for vibration mats along the corridor and will be using the latest in diesel-electric technology, for which emissions tests are well below prescribed requirements for EPA Tier 4 certification.

- DART's Clean Fleet Policy is a system-wide, policy that contemplates sustainability efforts focusing on greenhouse gas emissions and pollution, fleet efficiency, energy efficiency, carbon neutrality for electricity, renewable energy, green procurement for products and services and climate resilience. DART's bus fleet is mostly compressed natural gas and operates on 100% renewable energy. DART has 7 electric buses and is evaluating expansion of electric or other technology for future fleet replacements. DART's electricity is currently from 30% renewable energy sources, with a goal to increase renewable energy shares to 100% in the near future.

DART works to reduce the region's environmental footprint by increasing transit ridership and efficiency using fewer natural resources to move each passenger.

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REVENUES, EXPENSES AND INVESTMENTS

The Authority's principal sources of revenue are (1) a 1% sales and use tax imposed on taxable items and services that are sold or used within the Authority's boundaries, (2) federal and state grants for operations and capital projects and (3) transit fares and other operating revenue. The amount of revenue received by the Authority from net Sales Tax in the last ten Fiscal Years and eleven-month period ended August 31, 2021 are shown below. **For a discussion of the effect of COVID-19 on net Sales Tax revenues for the fiscal year ended September 30, 2020 and during the eleven-month period ended August 31, 2021, see "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."**

Table 1 – Net Sales Tax Revenues

Net Sales Tax Revenues[(1)] (in millions)	
Fiscal Year ended 9/30	**Receipts**
2011	$402.4
2012	$432.5
2013	$455.7
2014	$485.7
2015	$518.6
2016	$545.1
2017	$566.6
2018	$595.6
2019	$624.4
2020	$615.8
2021[(2)]	$616.3

(1) The net Sales Tax revenues shown above represent actual receipts received by DART in given Fiscal Years and may differ from the net Sales Tax revenues shown in DART's financial statements. The amounts shown above are net of the Comptroller's service fee and audit collections. In 2006, there was a $13.2 million overpayment made by the Comptroller to DART. In 2008 there was a $3.6 million overpayment. Also, in 2019 there was a $4.1 million overpayment. Such amounts are being repaid by DART through March 2027. See "INVESTMENT CONSIDERATIONS – The State Comptroller May Offset Current Distributions for Overpayments or Remit Sales and Use Tax Revenue Less Frequently."

(2) Preliminary, subject to change. Unaudited amount for the eleven-month period ended August 31, 2021. The unaudited amount for the eleven-month period ended August 31, 2020 was $560.8 million. See "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."

Sales Tax Authority

Imposition of Tax. State law authorizes the Authority to impose a sales and use tax on the use, storage or consumption within the Authority's boundaries of any item subject to the State sales and use tax that are purchased, leased or rented from a retailer, at a rate established by the Board in accordance with the Act. The Board has established the rate at 1%, as authorized by public vote when the Authority was confirmed in 1983. The sales tax and use tax is referred to herein as the "*Sales Tax*."

Section 452.061(d) of the Texas Transportation Code, as amended, specifies that the right of the State to regulate sales and use taxes is not limited by Section 452.062, but also includes specific provisions that recognize the rights of holders of Authority obligations, including protections against (i) alterations to the power given to the Authority under Section 452.062 to impose sales and use taxes, fares, tolls, charges, rents, and other compensation in amounts sufficient to satisfy its debt service and other obligations and (ii) any impairment of the rights and remedies of holders of such obligations until such obligations have been fully discharged.

Taxable Transactions. Taxable items include any tangible personal property and certain taxable services, unless exempted from the sales and use tax. "Taxable services" pursuant to Section 151.0101 of the Texas Tax Code, as amended, include certain amusement services; personal services; motor vehicle parking and storage services; the repair, maintenance and restoration of most tangible personal property; credit reporting services; debt collection services; insurance services; information services; real property services; data processing services; real property repair and remodeling services; security services; telephone answering services; internet access services; and certain transmission or delivery of taxable electricity usage. Many items are exempted from the sales and use tax by State law, including items purchased for resale, food products (except food products which are sold for immediate consumption, *e.g.*, by restaurants, lunch counters, etc.), health care supplies (including medicines, corrective lenses and various therapeutic appliances and devices), agricultural items (if the item is to be used exclusively on a farm or ranch or in the production of agricultural products), gas and electricity purchased for residential use, newspapers and magazines. In addition, items which are taxed under other State laws are generally exempted from sales and use taxes. These items include certain natural resources, cement, motor vehicles and insurance premiums, although alcohol and tobacco products are taxed under both State alcohol and tobacco taxes as well as the sales and use tax. In addition, purchases made by various exempt organizations are not subject to the sales and use tax. Such organizations include the federal and State governments, political subdivisions, Indian tribes, religious institutions and certain charitable organizations and non-profit corporations. In addition, sales of telecommunication services (including cable and satellite TV services) are exempt from the Authority's sales and use tax unless the Board determines to suspend the exemption and the suspension is approved at an election within the Authority. To date, the Board has not taken any actions to suspend the exemption for telecommunication services. For a discussion of sales and use taxes as they relate to Internet sales, see "– Recent Legislation and Administrative Changes" below and "INVESTMENT CONSIDERATIONS – The Authority May Experience Variations in its Gross Sales Revenues."

In general, a sale or use of a taxable item happens when such sale or use occurs within the jurisdiction in which the sale or use is consummated. For purposes of the Authority's sales and use tax, the use, storage or consumption of tangible personal property is considered to be consummated at the location where the item is first stored, used or consumed in an area of the State where a mass transit sales and use tax is imposed. Thus, the use is considered to be consummated in the Authority's jurisdiction if the item is shipped from outside the State or outside any other State mass transit agency with sales and use tax authority, for first use, storage or consumption within the Authority's jurisdiction.

Collection Procedures. With certain exceptions, sales and use taxes in the State are collected at the point of sale and are remitted to the Comptroller by, generally speaking, the business that collects the tax resulting from a taxable transaction. The Comptroller collects sales and use taxes based upon the amount of taxes reported by the seller or purchaser. Taxpayers who collect $500 or more in State sales and use tax in a month must remit the taxes on or before the 20th day of the month following the month in which the taxes were collected. Taxpayers who collect less than $500 in State sales and use tax per month (or less than $1,500 per calendar quarter) may file quarterly or annually depending on the amount collected. Under State law, a collecting taxpayer may deduct ½% of the amount of taxes due as reimbursement for the cost of collecting the taxes. In addition, taxpayers who file monthly or quarterly may prepay the taxes due and deduct 1¼% of the amount of the prepayment in addition to the ½% for the cost of collecting the sales and use tax.

The Comptroller is required by law to distribute funds to the Authority as often as feasible, but not less frequently than quarterly. Historically, and at the present time, the Comptroller distributes the funds monthly. Distributions to the Authority are made by electronic funds transfers.

Collection and Allocation of Delinquent Taxes. Although sales and use taxes are imposed on purchasers, retail sellers are responsible for collecting the taxes and are the only source from which the taxes can practically be collected. Accordingly, collections are dependent on the solvency and continued operation of retail sellers. The Comptroller is responsible for enforcing the collection of sales and use taxes in the State. Under State law, the Comptroller utilizes sales and use tax permits, payment bonds and audits to encourage timely payment of sales and use taxes. Each entity selling, renting, leasing or otherwise providing taxable goods or services is required to have a sales and use tax permit. As a general rule, every person who applies for a sales and use tax permit for the first time, or who becomes delinquent in paying the sales or use tax, is required to post a bond in an amount sufficient to protect against the failure to pay such taxes. A person who has filed security is entitled to have the Comptroller return the security if, in the Comptroller's judgment, the person has for two consecutive years continuously complied with the conditions of the security. The Comptroller's audit procedures include auditing the largest 2% of the sales and use taxpayers (who report about 65% of all sales and use tax in the State annually) every three or four years. Other taxpayers are selected at random or upon some other basis for audits. The Comptroller also engages in taxpayer education programs and mails a report to each taxpayer before the last day of the month, quarter or year that it covers.

Once a taxpayer becomes delinquent in the payment of a sales or use tax, the Comptroller may collect the delinquent tax by using one or more of the following methods: (1) collection by an automated collection center or local field office; (2) estimating the taxpayer's liability based on the highest amount due in the previous 12 months and billing them for it; (3) filing liens and requiring a new or increased payment bond; (4) utilizing forced collection procedures such as seizing assets of the taxpayer (*e.g.*, a checking account) or freezing assets of the taxpayer that are in the custody of third parties; (5) removing a taxpayer's sales and use tax permit; and (6) certifying the account to the Attorney General's Office to file suit for collection. The Authority may not sue for delinquent taxes unless it joins the Attorney General as a plaintiff or unless it first receives the permission of the Attorney General and the Comptroller.

In addition to the sales and use taxes levied by the Authority, the State imposes a 6¼% sales and use tax for its own purposes and the City imposes a 1% sales and use tax, in each case applied to essentially the same taxable transactions as those to which the Authority's sales and use tax is applied. If the Comptroller is unable to collect the full amount of sales and use tax liability, collections are applied to the State's share of the sales and use tax, first, and the applicable municipality's share, second, before distributing any part of the collections to the Authority.

Recent Legislation and Administrative Changes

During the 86th Texas Legislative Session, certain laws were passed regarding the collection of sales taxes in response to the United States Supreme Court decision in South Dakota v. Wayfair, Inc., 138 S. Ct. 2080 (June 21, 2018) ("*Wayfair*"). Among other matters, in Wayfair the Court ruled that out-of-state based sellers of goods are required to collect and pay sales taxes to states and local jurisdictions where the receivers of such goods are located. H.B.1525, effective October 1, 2019, amended Chapters 151, 321 and 323, Texas Tax Code, by amending the definitions of "seller" and "retailer" to include a "Marketplace" provider and to require such Marketplace provider to collect and remit to the Comptroller sales and use taxes on items sold in Texas on electronic mediums, including internet websites and software applications. H.B. 2153, effective October 1, 2019, amended the Texas Tax Code by establishing a single local use tax rate that "remote" (out-of-state) sellers may elect to use. Chapter 151 of the Texas Tax Code, as amended, now authorizes the Comptroller to adopt rules that establishes a single local tax rate for use by remote sellers. For the period beginning January 1, 2021, and ending December 31, 2021, such rate is set by the Comptroller at 1.75%.

Pursuant to such recent legislation, the Comptroller finalized approval of the adopted rules as amendments to Texas Administrative Code Rule 3.334 (which may be found at https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=T&app=9&p_dir=F&p_rloc=199495&p_tloc=14707&p_ploc=1&pg=2&p_tac=&ti=34&pt=1&ch=3&rl=334. Among other matters, the amendments change the current local sales tax sourcing rule from the place of origin to the place of destination for all internet orders. Such amendments were set to become effective on October 1, 2021. Certain Texas cities were granted an injunction prohibiting the Comptroller from implementing such amendments to the sourcing of local sales tax collection. The injunction will remain in effect until a hearing on the merits of the case, which is currently set for June 2022. DART cannot determine at this time what effect, if any, the new legislation and adopted rules might have in the future with respect to its Sales Tax revenues. See "INVESTMENT CONSIDERATIONS - The Authority May Experience Variations in its Gross Sales Tax Revenues."

Operating Revenue

Section 452.061, Texas Transportation Code, as amended, authorizes the Authority to impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other compensation in amounts sufficient to produce revenue, together with sales and use tax revenue received by the Authority, in an amount adequate to: (1) pay all expenses necessary to operate and maintain its transit system; (2) pay when due debt service, sinking fund and reserve fund payments agreed to be made with respect to all Authority obligations payable in whole or in part from such revenue; and (3) fulfill the terms of any other agreement with the holders of any such obligations. The total of compensation and sales and use taxes imposed may not exceed the amounts necessary to produce revenue sufficient to meet the obligations of the Authority under the Act. See "THE AUTHORITY – Fiscal Year 2022 Annual Budget."

The Authority derives operating revenue from transportation fares, which include bus, rail and paratransit farebox receipts and other miscellaneous revenues, primarily from advertising and leases. The Authority last increased bus and rail fares by an average of 10% effective August 1, 2018. Effective July 1, 2020, DART is charging a $1.00 one-way fare for streetcar service –- such service was previously free.

The following table lists DART's operating revenues and expenses for the past ten Fiscal Years and eleven-month period ended August 31, 2021**. For a discussion of the effect of COVID-19 on DART's operating revenues and expenses for fiscal year end September 30, 2020 and during the eleven-month period ended August 31, 2021, see "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."**

Table 2 – Operating Revenues & Expenses

Operating Revenues & Expenses (in millions)		
Fiscal Year ended 9/30	**Operating Revenues(1)**	**Operating Expenses(2)**
2011	$69.4	$629.0
2012	$80.1	$645.8
2013	$83.7	$701.7
2014	$84.5	$704.5
2015	$85.4	$705.3
2016	$81.9	$739.3
2017	$79.6	$745.5
2018	$76.1	$779.2
2019	$77.5	$819.1
2020	$55.1	$821.8
2021(3)	$33.8	$744.7

(1) As provided in DART's annual financial statements Operating Revenues includes "Passenger Revenues" which are included in the calculation of "Pledged Farebox Revenues" in the Master Debt Resolution.
(2) Includes depreciation expense.
(3) Preliminary, subject to change. Unaudited amount for the eleven-month period ended August 31, 2021. Unaudited operating revenues and operating expenses for the eleven-month period ended August 31, 2020 was $50.4 million and $501.8 million, respectively. See "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."

Federal Grant Funds

DART receives federal grant funds primarily from the FTA and utilizes these proceeds to fund a portion of DART's eligible capitalized maintenance expenses and capital programs. Such receipts are not part of DART's Pledged Revenues under the Master Debt Resolution and as a result are not security for the payment of the Bonds. Congress allocates transit funds on both a formula basis and a discretionary basis. The Authority is eligible to receive both types of funds. See "INVESTMENT CONSIDERATIONS – Risks Associated with Federal Funding."

Federal grants are on a reimbursement basis, so receipts will not match annual appropriation. The following table reflects actual federal and state cash receipts of DART for the past 10 fiscal years. **For a discussion of funding received by DART in connection with**

COVID-19 under the federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) and the American Rescue Plan (defined herein) for Fiscal Year 2021, see "IMPACT OF COVID-19 PANDEMIC ON DART – Summary of DART Actions Taken in Response to COVID-19."

Table 3 – Federal/State Receipts

Federal/State Receipts (in millions)		
Fiscal Year	**Federal Receipts[1]**	**State Receipts**
2012	$175.8	$19.9
2013	$141.4	$ 2.7
2014	$128.3	$ 1.6
2015	$104.9	$10.9
2016	$ 47.4	$ 1.2
2017	$ 78.5	$ 0.9
2018	$ 93.6	$ 0.1
2019	$135.4	$ 1.6
2020[2]	$393.1	$19.8
2021[3]	$228.5	$15.9

(1) Build America Bonds are included in the Authority's federal receipts and are subject to federal subsidy changes. See "INVESTMENT CONSIDERATIONS – Sequestration of the Obligations designated as Build America Bonds."
(2) Includes approximately $229 million in CARES Act (defined herein) funds.
(3) Preliminary, subject to change. Unaudited amounts as of August 31, 2021. DART has received $128.5 million of CRRSAA (defined below) funds. **See "IMPACT OF COVID-19 PANDEMIC ON DART - Summary of DART Actions Taken in Response to COVID-19."**

Investments

The Authority invests surplus revenue in accordance with its investment policy (the "*Investment Policy*"). Certain features of the Authority's Investment Policy are summarized in Note 3 (beginning on page 22) to the Authority's Financial Statements and Supplemental Information for the Years Ended September 30, 2020 and 2019 and Independent Auditor's Report (the "*2020 Financial Statements*"), under the section captioned "CASH, CASH EQUIVALENTS, AND INVESTMENTS," which is attached hereto as APPENDIX B. The Authority's current Investment Policy was approved and adopted by the Board on September 28, 2021. The allocation of cash and investments in the Authority's operating fund as of September 30, 2021 is summarized below.

Cash and Investments

Investments*	**Par Value (000s)**	**Percentage o Portfolio**
Local Government Invest Pools	$ 530,016	79.0%
U.S. Agency Bonds	101,995	15.2%
Municipal Commercial Paper	33,000	4.9%
Federally Insured Cash Account (FICA)	5,000	0.7%
Cash	633	0.1%
Total	$ 670,645	100.0%

*Includes $128.5 million of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) 2021.

Financial Hedges for Fuel

On August 10, 2021 DART approved a $6,000,000, one-year CNG delivery contract, with a one-year option to provide the appropriate fuel needed to operate their fleet of up to 674 vehicles using CNG. In order to minimize the risk of exposure to fluctuations in the market prices, DART entered into a new natural gas hedge contract for a three-year period, October 1, 2020 to September 30, 2023. The terms of the agreement include DART paying monthly fixed prices and receiving floating prices based on the West Texas, Waha index. Certain features of the Authority's Fuel Hedge Policy and outstanding contract are summarized in Note 21 (beginning on page 46) to the 2020 Financial Statement, under the sections captioned "DERIVATIVE INSTRUMENTS" are attached hereto as APPENDIX B.

DEBT AND OTHER OBLIGATIONS

The Authority's outstanding Obligations, as of October 31, 2021, are summarized below:

Outstanding Debt

Series	Principal Amount Outstanding (000's)[3]	12/1 Final Maturity
Senior Lien Obligations:		
Sales and Use Tax Bonds		
Series 2007	$118,395	2032
Series 2009B[1]	466,970	2044
Series 2010B[1]	729,390	2048
Series 2012	5,795	2022
Series 2012A	35,845	2047
Series 2014A	127,830	2028
Series 2015	78,770	2027
Series 2016A	482,530	2048
Series 2016B	190,440	2038
Series 2019	301,095	2034
Series 2020A	130,470	2050
Series 2020B	32,060	2023
Series 2020C	113,690	2042
Series 2020D	277,925	2043
Series 2021[2]	50	2057
Subtotal	**$3,091,255**	
Subordinate Lien Obligations:		
Commercial Paper Notes, Series		
Series I	$20,000 [4]	Various
Series IIA	96,400	Various
Note Purchase Program, Series		
Series IIB	100	Various
Commercial Paper Notes, Series III	15,000	Various
Subtotal	**$131,500**	
Total	**$3,222,755**	

(1) Build America Bonds subject to federal subsidy changes. See "INVESTMENT CONSIDERATIONS – Sequestration of the Obligations designated as Build America Bonds.
(2) The total principal amount of the Series 2021 RRIF Bonds is $908,000,000 of which $50,000 has been drawn down as of October 31, 2021.
(3) Excludes the issuance of the Bonds, refunding of the Refunded Obligations, and the Series 2021B Bonds. Amounts rounded to the nearest whole dollar. Totals may not sum due to rounding. See Schedule I – Refunded Obligations.
(4) The outstanding amount of $20,000,000 in Series I Commercial Paper Notes was paid off on November 9, 2021.

Pro Forma Annual Debt Service Requirements for Senior Lien Obligations

The following table sets forth the Authority's pro forma annual debt service requirements on Senior Lien Obligations to be outstanding after issuance of the Bonds and the Series 2021B Bonds.

FYE 9/30	Existing Senior Lien Net Debt Service (2)(3)	Series 2021A Bonds Principal	Series 2021A Bonds Interest	Series 2021A Bonds Total	Series 2021B Bonds Principal	Series 2021B Bonds Interest	Series 2021B Bonds Total	Total Net Debt Service Requirements(1)(2)(3)
2022	$ 174,567,515	$ -	$ 8,490,300	$ 8,490,300	$ -	$ 9,622,725	$ 9,622,725	$ 192,680,540
2023	183,294,348	3,715,000	16,906,300	20,621,300	-	19,245,450	19,245,450	223,161,098
2024	180,130,594	3,865,000	16,754,700	20,619,700	-	19,245,450	19,245,450	219,995,744
2025	180,041,033	4,025,000	16,596,900	20,621,900	-	19,245,450	19,245,450	219,908,383
2026	149,499,495	35,380,000	15,808,800	51,188,800	-	19,245,450	19,245,450	219,933,745
2027	167,960,002	17,165,000	14,757,900	31,922,900	-	19,245,450	19,245,450	219,128,353
2028	167,993,178	17,865,000	14,057,300	31,922,300	-	19,245,450	19,245,450	219,160,929
2029	166,027,605	20,670,000	13,286,600	33,956,600	-	19,245,450	19,245,450	219,229,655
2030	168,152,023	19,370,000	12,485,800	31,855,800	-	19,245,450	19,245,450	219,253,273
2031	166,874,150	20,160,000	11,695,200	31,855,200	-	19,245,450	19,245,450	217,974,800
2032	171,844,062	20,985,000	10,872,300	31,857,300	-	19,245,450	19,245,450	222,946,813
2033	171,660,918	21,625,000	10,232,674	31,857,674	-	19,245,450	19,245,450	222,764,042
2034	171,211,836	22,085,000	9,771,580	31,856,580	-	19,245,450	19,245,450	222,313,866
2035	171,088,063	22,595,000	9,266,728	31,861,728	-	19,245,450	19,245,450	222,195,241
2036	177,840,795	23,135,000	8,721,491	31,856,491	-	19,245,450	19,245,450	228,942,736
2037	185,546,078	23,715,000	8,139,469	31,854,469	-	19,245,450	19,245,450	236,645,997
2038	218,693,982	2,345,000	7,808,363	10,153,363	-	19,245,450	19,245,450	248,092,795
2039	218,439,938	2,405,000	7,746,304	10,151,304	-	19,245,450	19,245,450	247,836,691
2040	200,240,948	22,865,000	7,416,151	30,281,151	-	19,245,450	19,245,450	249,767,549
2041	196,742,840	23,475,000	6,810,719	30,285,719	3,790,000	19,188,600	22,978,600	250,007,159
2042	196,979,205	24,095,000	6,189,217	30,284,217	3,905,000	19,073,175	22,978,175	250,241,597
2043	197,221,019	24,735,000	5,551,253	30,286,253	4,025,000	18,954,225	22,979,225	250,486,497
2044	190,461,283	25,385,000	4,896,435	30,281,435	4,145,000	18,831,675	22,976,675	243,719,393
2045	185,866,265	33,140,000	4,131,806	37,271,806	4,265,000	18,705,525	22,970,525	246,108,596
2046	129,749,044	34,015,000	3,254,426	37,269,426	55,845,000	17,289,375	73,134,375	240,152,846
2047	130,003,005	34,915,000	2,353,856	37,268,856	58,615,000	14,517,075	73,132,075	240,403,936
2048	130,280,378	35,840,000	1,429,442	37,269,442	61,525,000	11,605,475	73,130,475	240,680,295
2049	130,523,041	36,785,000	480,596	37,265,596	59,470,000	8,924,600	68,394,600	236,183,237
2050	57,459,740	-	-	-	61,900,000	6,497,200	68,397,200	125,856,940
2051	57,754,059	-	-	-	64,425,000	3,970,700	68,395,700	126,149,759
2052	53,048,594	-	-	-	67,055,000	1,341,100	68,396,100	121,444,694
2053	53,343,143	-	-	-	-	-	-	53,343,143
2054	53,675,259	-	-	-	-	-	-	53,675,259
2055	54,007,583	-	-	-	-	-	-	54,007,583
2056	54,353,132	-	-	-	-	-	-	54,353,132
2057	54,698,912	-	-	-	-	-	-	54,698,912
2058	55,065,161	-	-	-	-	-	-	55,065,161
	$ 5,372,338,227	$576,355,000	$255,912,614	$832,267,614	$448,965,000	$514,939,550	$963,904,550	$ 7,168,510,390

(1) Amounts rounded to the nearest whole dollar. Totals may not sum due to rounding.

(2) Net of expected federal subsidies on the Series 2009B Bonds and Series 2010B Bonds (both as defined herein). Does not include the outstanding Senior Subordinate Lien Commercial Paper. Excludes the Refunded Obligations. See Schedule I – Refunded Obligations. Excludes obligations to be refunded by the Series 2021B Bonds.

(3) Assumes $908 million from the Series 2021 RRIF Bonds are fully drawn pursuant to the anticipated financing schedule. See "THE AUTHORITY ─ Capital Programs" herein.

Debt Service Coverage

Unaudited Gross Sales Tax Revenues for the twelve-month period from September 1, 2020 through August 31, 2021 were $671.4 million. Debt service coverage of the expected maximum annual Debt Service of the Senior Lien Obligations by the unaudited Gross Sales Tax Revenues for the twelve-month period from September 1, 2020 through August 31, 2021, assuming the full drawdown of the Series 2021 RRIF Bonds (as evidenced by the RRIF Financing) and the issuance of the Bonds and Series 2021B Bonds, is approximately 2.68x. See "IMPACT OF COVID-19 PANDEMIC ON DART" and "INVESTMENT CONSIDERATIONS–Infectious Disease Outbreak."

DART is permitted to take into account Federal Interest Subsidy payments in calculating DART's Debt Service for purposes of meeting its financial coverage tests for the issuance of additional Obligations. See "INVESTMENT CONSIDERATION – Sequestration of the Obligations designated as Build America Bonds."

Lease/Leaseback Transactions

As authorized by the Act, DART previously entered into economically defeased lease transactions which, in general, involved its lease and leaseback of specified, depreciable property to various trustee entities, acting on behalf of private investors. As of the date hereof, only one of such transactions is still outstanding and involves the lease and leaseback of light rail cars used as a part of DART's transit system. Although the Authority retains legal title to the leased property, this transaction was structured so as to result in a sale of the leased property to the private investors for federal income tax purposes. The rent due for the full term of the leases was prepaid to DART, and the private investors have no further obligation to pay DART any rent under the lease. The private investor subleased the property back to the Authority for a sublease term that is shorter than the term of the lease. At a specified date on or before the end of the sublease term, DART has the right to purchase the private investor's interest in the lease.

As of September 30, 2020, the liability for the remaining lease/leaseback obligation was approximately $118,716,594. The Authority is in full compliance with the obligation's operative documents, as amended.

Pension, Retirement, Deferred Compensation Plans, and Other Post-Employment Benefits

DART operates three employee pension benefit plans. Information about such plans is contained in Note 17 to the 2020 Financial Statements attached hereto as APPENDIX B. In addition to employee pension benefit plans, DART provides post-retirement health care and life insurance benefits in accordance with DART's policy to certain employees. Information about other post-employment benefits is contained in Note 18 to the 2020 Financial Statements attached hereto as APPENDIX B. DART has implemented GASB Statement No. 75 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions."

Claims and Litigation Affecting the Authority

The Authority is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its essential governmental function and operations, certain of which allege substantial damages. That litigation includes lawsuits by plaintiffs alleging that the Authority caused personal injuries or wrongful deaths or relate to real or property disputes; and other lawsuits and claims alleging unlawful employment practices or civil rights violations; various claims from contractors for additional amounts under construction contracts; and various other liability claims. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the Authority. The dollar amount of damages for tort cases is limited under the Texas Tort Claims Act and the dollar amount of recoverable damages in contract cases is limited under the Texas Local Government Contract Act. Both tort and contract cases are subject to appeal. The Authority regularly reviews the potential cost exposure of such cases and does not anticipate these exposures will interfere with the normal course of business. The Authority makes no prediction with respect to the liability of the Authority for such claims or the outcome of such suits.

IMPACT OF COVID-19 PANDEMIC ON DART

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and has affected and continues to affect many parts of the world, including the United States, the State and the Dallas-Fort Worth metropolitan area. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. The Governor of the State has issued a number of executive orders relating to COVID-19 preparedness and mitigation. On July 29, 2021, the Governor issued Executive Order GA-38, which took effect immediately, and superseded most of the executive orders relating to COVID-19 and provides, generally, for the continuation of the reopening of the State to 100%, ends the COVID-19 mask mandate, and superseded any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-38, ends the mask requirement for governmental entities, including municipalities, and subjects a governmental entity or official to a fine of up to $1,000 for noncompliance, subject to certain exceptions. Executive Order GA-38 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

In August 2021, Dallas County Judge Clay Jenkins issued an order requiring persons in Dallas County to wear masks or face coverings when in indoor public settings.

The full extent of the ongoing impact of COVID-19 on DART's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above (in addition to the impact of COVID-19 vaccine rollouts), the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. DART continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the actual and potential impact of the COVID-19 upon the Authority.

COVID-19 has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries. DART has been affected by changes in the economic activity and conditions of the DART Service Area, which includes a decrease in Gross Sales Tax Revenues (for Fiscal Year 2020 only) and operating revenues caused by COVID-19. The continued spread of COVID-19 has also affected DART's operations. See "–Impact of COVID-19 on Certain Financial and Operation Data" and "Summary of DART Actions Taken in Response to COVID-19" below for a discussion of the impact of COVID-19 on the Authority's financial and operating condition. See also "INVESTMENT CONSIDERATIONS–Infectious Disease Outbreak."

Impact of COVID-19 on Certain Financial and Operational Data

Sales Tax Revenues. For the fiscal year ended September 30, 2020 DART received $615.8 million in Sales Tax revenues, 1.9% ($11.9 million) less than budgeted for the year. Sales Tax revenues for fiscal year ended September 30, 2020 are 1.3% ($8.6 million) less than the Sales Tax revenues of $624.4 million from fiscal year ended September 30, 2019.

The following table provides unaudited actual to budgeted sales tax receipts for the first three quarters of Fiscal Year 2020 as compared to Fiscal Year 2021 and the eleven months ended August 31, 2020 and 2021.

Net Sales Tax Revenue (unaudited, in 000s)(1)							
	FY 2020			FY 2021			
Date	Actual	Budget	Budget %	Actual	Budget-Amended	Budget %	Actual FY21 vs FY20 %
Oct-Dec	$ 174,120	$ 163,147	6.7%	$ 167,596	$ 159,085	5.4%	-3.7%
Jan-Mar	$ 148,894	$ 149,652	-0.5%	$ 153,444	$ 144,712	6.0%	3.1%
Apr-Jun	$ 142,511	$ 158,864	-10.3%	$ 179,703	$ 151,817	18.4%	26.1%
Jul-Aug	$ 95,223	$ 99,760	-4.5%	$ 115,599	$ 97,145	19.0%	21.4%
11-Month Total	$ 560,747	$ 571,422	-1.9%	$ 616,343	$ 552,759	11.5%	9.9%

(1) Amounts are cumulative to the end of the eleven-month period.

Operating Results. DART's operating results for the fiscal year ended September 30, 2020 reflect an increase in net position of $139.4 million, compared to a $101.9 million decrease for the fiscal year ended September 30, 2019. The increase in net position was primarily due to the receipt of CARES Act funds. See "– Summary of DART Actions Taken in Response to COVID-19–*CARES Act Funding*" below.

The following table provides unaudited operating revenues for the first three quarters of Fiscal Year 2020 as compared to Fiscal Year 2021 and the eleven months ended August 31, 2020 and 2021. Operating revenues includes "passenger revenues" which are included in the calculation of Pledged Farebox Revenues. See "REVENUES, EXPENSES AND INVESTMENTS – Operating Revenues" and APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Operating Revenues (unaudited, in 000s)(1)			
Date	FY 2020	FY 2021	Actual FY21 vs FY20 %
Oct-Dec	$ 18,942	$ 10,380	-45.2%
Jan-Mar	$ 17,101	$ 8,763	-48.8%
Apr-Jun	$ 7,632	$ 8,370	9.7%
Jul-Aug	$ 6,747	$ 6,247	-7.4%
11-Month Total	$ 50,422	$ 33,760	-33.0%

(1) Amounts are cumulative to the end of the eleven-month period.

The following table provides unaudited operating expenses for the first three quarters of Fiscal Year 2020 as compared to Fiscal Year 2021 and the eleven months ended August 31, 2020 and 2021.

Operating Expenses[(1)] (in 000s)				
Date	**FY 2020**	**FY 2021**	**Actual FY21 vs FY20 %**
Oct-Dec	$ 131,379	$ 150,293	14.4%
Jan-Mar	$ 133,433	$ 132,521	-0.7%
Apr-Jun	$ 135,641	$ 117,152	-13.6%
Jul-Aug	$ 101,377	$ 88,334	-12.9%
11-Month Total	$ 501,830	$ 488,300	-2.7%

(1) Amounts are cumulative to the end of the eleven-month period. Excludes depreciation.

System Ridership Revenue. For the fiscal year ended September 30, 2020, total unaudited system ridership revenue decreased by 33.2% (to $42.1 million) as compared to $63.1 million for the fiscal year ended September 30, 2019.

The following table provides actual system ridership for the first three quarters of Fiscal Year 2020 as compared to Fiscal Year 2021 and the eleven months ended August 31, 2020 and 2021.

System Ridership Revenue (in 000s)[(1)]			
Date	**FY 2020**	**FY 2021**	**Actual FY21 vs FY20 %**
Oct-Dec	$ 15,858	$ 7,704	-51.4%
Jan-Mar	$ 12,839	$ 6,754	-47.4%
Apr-Jun	$ 4,626	$ 6,057	30.9%
Jul-Aug	$ 4,842	$ 4,841	0.0%
11-Month Total	$ 38,165	$ 25,356	-33.6%

(1) Amounts are cumulative to the end of the eleven-month period.

System Ridership. For the fiscal year ended September 30, 2020, total actual system ridership decreased by 28.9% (to 50.3 million) as compared to 70.8 million for the fiscal year ended September 30, 2019.

The following table provides actual system ridership for the first three quarters of Fiscal Year 2020 as compared to Fiscal Year 2021 and the eleven months ended August 31, 2020 and 2021. The decreases in total actual ridership primarily came from LRT, bus, and TRE modes.

System Ridership (in 000s)[(1)]			
Date	**FY 2020**	**FY 2021**	**Actual FY21 vs FY20 %**
Oct-Dec	17,994	8,747	-51.4%
Jan-Mar	15,522	7,997	-48.5%
Apr-Jun	8,224	9,194	11.8%
Jul-Aug	5,671	6,645	17.2%
11-Month Total	47,411	32,583	-31.3%

(1) Amounts are cumulative to the end of the eleven-month period.

Summary of DART Actions Taken in Response to COVID-19

Revenue receipts (Gross Sales Tax Revenues and operating revenues) decreased for the fiscal year ended September 30, 2020 as compared to the fiscal year ended September 30, 2019, primarily due to the effects of COVID-19 during the six-month period from March 1, 2020 through September 30, 2020. Despite lower operating revenues having continued throughout Fiscal Year 2021 primarily due to lower ridership since the start of the pandemic, revenue receipts have recently improved due to the recovery of retail sales enabled by vaccinations and easing of pandemic-related restrictions. However, operating revenues for Fiscal Year 2022 are forecast to be lower compared to pre-COVID levels.

Since DART's budget matches spending to projected revenues, DART was required to reduce overall spending and the number of employees in the Fiscal Year 2021 Annual Budget as compared to the Fiscal Year 2020 Annual Budget. DART reduced operating expenses in the Fiscal Year 2021 Annual Budget from $562.3 million to $542.3 million. In response to the effects of COVID-19, DART also implemented the following: reduced transit services, cost saving organizational efficiencies, a hiring freeze, and a voluntary retirement incentive program (VRIP) to further reduce the number of employees and save on salary and benefit costs. 370 eligible employees accepted the VRIP offer.

DART's reduced transit service included reduced frequency of bus and light rail transit, modified bus routes, and eliminating bus routes with low ridership. In October 2020, DART implemented major changes in bus, rail and shuttle service, as the North Texas economy reopened. DART restored service on a group of routes and improved frequencies on others to just under 90% of pre-COVID-19 levels and service currently remains at such level. In addition, GoLink is being expanded to accommodate ridership routes that were modified or replaced in preparation for DARTzoom.

To date, the above-measures previously taken to mitigate COVID-19's impact on DART's financial condition and operations are no longer in effect. Due to a favorable continued recovery in sales tax receipts, COVID-19 did not materially impact the Fiscal Year 2022 Annual Budget. See "THE AUTHORITY – Fiscal Year 2022 Annual Budget."

At this time, DART has neither delayed nor expects to delay any major capital projects as a result of budgetary constraints caused by COVID-19. However, an escalation in COVID-19 or new infectious disease outbreak may cause a disruption in DART's major capital projects due to delays in the labor market, related supply chains, and projected ridership associated with such major capital projects.

CARES Act Funding. The FTA announced a total of $25 billion in federal funding allocations to help the nation's public transportation systems respond to COVID-19. Funding is provided through the Coronavirus Aid, Relief, and Economic Security (the "*CARES Act*"), signed by the President of the United States on March 27, 2020. The CARES Act established the Coronavirus Relief Fund (the "*Fund*"), which is to be used to cover costs that are necessary expenditures incurred by states and certain local governments due to the public health emergency with respect to COVID-19.

DART was allocated $229.6 million in CARES Act funding (at a 100% federal share) and has received such amount for expenses incurred between January 2020 through July 2020.

Coronavirus Response and Relief Supplemental Appropriations Act, 2021. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("*CRRSAA*") was passed by Congress and signed into law, in addition to other purposes, to provide funds to prevent, prepare for, and respond to COVID-19. Similar to CARES Act funding, CRRSAA requires that recipients prioritize funding related to operations and payroll expenses incurred on or after January 20, 2020 in response to economic or other conditions caused by COVID-19. DART has been allocated approximately $128.5 million in CRRSAA funding (at a 100% federal share) of which $128.5 million has been received to date.

American Rescue Plan Act of 2021. On March 11, 2021, the American Rescue Plan Act of 2021 (the "*ARP Act*") was passed by Congress and signed into law, which, in addition to other amounts and purposes, includes $30.5 billion in federal funding to support the nation's public transportation systems efforts to respond to COVID-19 and support the President's call to vaccinate the U.S. population. ARP Act funding is authorized to be used to assist with operating costs, payroll and personal protective equipment, in addition to pay expenses related to public transportation services to vaccination sites. DART has been allocated approximately $300 million in ARP Act funding (at a 100% federal share), of which no funding has been received to date. Such funding is available until September 30, 2024.

Cash and Liquidity

The Operating Fund balance was $406.0 million as of September 30, 2021. DART maintains a working cash balance in the Operating Fund equal to at least one month of projected payments, currently estimated to be $46.0 million.

Cash Reserves and Restricted Funds

DART maintains several cash reserves including a "*Financial Reserve Fund*" that is funded with Sales Tax collections, if any, that exceed budget during a given fiscal year. Once this fund balance reaches $50 million, all additional funds will be placed in the "*Mobility Assistance and Innovation Fund (MAIF)*" (formerly the "*Capital Project Reserve Account"*). An affirmative vote of two-thirds of the Board is required to draw upon the Financial Reserve Fund and MAIF and the funds may be used for any purpose approved by the Board. As of September 30, 2020, the balance in the Financial Reserve Fund was $50.0 million and the balance in the MAIF Account was $12.5 million. For Fiscal Year 2020, our Sales Tax receipts were less than our Sales Tax budget by $12.3 million or 2.0%. DART has pledged up to $10 million of the Financial Reserve Fund as collateral on a defeased lease/leaseback obligation that requires DART to set aside certain investments as security. This amount will decrease over time until it reaches zero in December 2023. As of September 30, 2020, DART has $4.6 million set aside in the Financial Reserve Account for this purpose.

Other Information

During Fiscal Year 2020 and currently, DART has continued to focus on, among other things, reducing the spread of COVID-19. Some of the actions taken by DART have included: working closely with local governments to ensure DART supports the regional goal of reducing the spread of COVID-19; suspending transit service followed by implementing limited service; implementing new and extensive methods of cleaning transit vehicles and facilities; requiring temperature checks when entering DART facilities; developing methods of identifying, contact tracing, reporting, and providing care for employees who contracted COVID-19; requiring social distancing and the wearing of mouth and nose coverings at DART's facilities and for customers when riding transit vehicles; and encouraging customer input on cleanliness concerns of transit vehicles and facilities.

COVID-19 is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development of medical therapeutics or vaccinations; (vi) the impact of COVID-19 on the local or global economy; and (vii) the impact of COVID-19 and actions taken in response to COVID-19 on DART's revenues, expenses and financial condition.

Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to travel, the local, national and global economies, may increase at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on DART Sales Tax and other revenues. Future outbreaks, pandemics or events outside DART's control may further reduce demand for travel, which in turn could cause a decrease in ridership in DART's Service Area and declines in DART's revenues.

INVESTMENT CONSIDERATIONS

THE PURCHASE OF THE BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW, WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

Source of Payment is Limited

The Bonds are special obligations of DART and are secured by a first lien on and pledge of the Pledged Revenues.

The Bonds are not debts or obligations of the State of Texas; nor are they the debt or obligation of any Participating Municipality. The Holders of Bonds will never have the right to demand payment out of any of DART's funds other than the Pledged Revenues, unless DART expressly and specifically pledges Special Revenues to such payment. DART does have the right, however, but is not obligated, to enter into Credit Agreements with respect to any issue of bonds having any lien ranking as to Pledged Revenues. If the Authority does so, the Holders of the issue of bonds to which a Credit Agreement relates will have such additional security as the Credit Agreement may provide, such as municipal bond insurance policies, bank-issued letters of credit, or other forms of credit enhancement.

Issuance of Additional Senior Lien Obligations

The Master Debt Resolution permits DART to issue Additional Senior Lien Obligations without notice to Holders and without their consent, if the Authority can satisfy the financial tests and limitations contained in the Master Debt Resolution. DART must also satisfy any limitations contained in Supplemental Resolutions and in Credit Agreements in order to issue any Senior Lien Obligations. See "THE BONDS – Outstanding and Senior Lien Obligations." The Bonds are being offered by DART concurrently with the Series 2021B Bonds which are expected to close on the same date as the Bonds. The financial tests that apply to future issues of Additional Senior Lien Obligations require the Authority to demonstrate an ability to pay the Bonds and such future Obligations based on economic forecasts of future economic conditions. Those forecasts do not and cannot guarantee that DART will receive Gross Sales Tax Revenues, and other Pledged Revenue, at the times and in the amounts required to pay all of its Obligations, including the Bonds, when and as due and payable. DART does not anticipate issuing Additional Senior Lien Obligations in the next 12 months.

The Authority's Ability to Make Payments on Bonds is Dependent Upon the Amount of Gross Sales Tax Revenues and Pledged Farebox Revenues Actually Generated

Except for Bonds that may be supported by a Credit Agreement, as discussed above, the only sources of security for the Bonds will be the Gross Sales Tax Revenues collected by the Comptroller and remitted to the Trustee and the investments thereof, Federal Interest Subsidy, and the Pledged Farebox Revenues**.** DART's receipt of Gross Sales Tax Revenues and Pledged Farebox Revenues may be impacted by a number of factors, including but not limited to changes in the economic activity and conditions of a municipality or geographic area, changes in the preferred method of transportation of DART customers, and the introduction and development of new modes of transportation. The amount of Gross Sales Tax Revenues or Pledged Farebox Revenues generated in any future year is not certain. See "IMPACT OF COVID-19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operating Data."

The Collection of the Sales Tax is Beyond the Authority's Control

Generally, the seller of taxable items and services collects the Sales Tax from the consumer at the point of a taxable transaction and remits these taxes to the Comptroller. DART does not control the Comptroller's collection efforts, and the Comptroller's collection efforts against a private seller of goods and services are subject to applicable State law and to federal bankruptcy code provisions with respect to the protection of debtors. See "REVENUES EXPENSES AND INVESTMENTS – Recent Legislation and Administrative Changes."

The State Comptroller May Offset Current Distributions for Overpayments or Remit Sales and Use Tax Revenue Less Frequently

The Comptroller periodically identifies underpayments and overpayments of Gross Sales Tax Revenues and responds to claims by taxpayers. In the event that the Comptroller determines that DART received an overpayment, its Gross Sales Tax Revenues for future periods are subject to reduction or the Authority may be required to make a repayment in order to reimburse the overpayment. Under State law, DART has no legal standing or ability to intervene or appeal the Comptroller's determination. DART has previously entered into three repayment agreements with the Comptroller regarding overpayments, approximately $20.9 million (identified in 2006, 2008, and 2019) that will result in a reduction of its Gross Sales Tax Revenues in equal quarterly amounts of $206,000, which increased to $602,408 beginning 2020 until 2022 and then will return to equal amounts of $206,000 through December 2026 with a final payment of $128,519.14 in March 2027.

The Authority May Receive Payment of Gross Sales Tax Revenues Less Frequently

State law requires the Comptroller to remit Gross Sales Tax Revenues to DART only on a quarterly basis. As a matter of convenience and accommodation to local taxing entities, the Comptroller remits Gross Sales Tax Revenues to the Authority and other taxing entities on a monthly basis. While the Authority has no reason to believe that the Comptroller's current practice will be discontinued, there is no assurance that the Comptroller will continue to remit Gross Sales Tax Revenues to the Authority on a monthly basis. Thus, temporary cash flow irregularities could occur.

The Authority May Experience Variations in its Gross Sales Tax Revenues

Variations in the amount of receipts can be adversely affected by a number of variables, including (1) changes in State laws and administrative practices governing the remittance and allocation of Sales Tax receipts, (2) changes in the tax base against which the Sales Tax is assessed, (3) further migration of commerce to Internet sales that are not taxed or taxes from which cannot be effectively collected, (4) changes in the economic activity and conditions of a municipality or geographic area, and (5) the withdrawal from DART of one or more of the Participating Municipalities. See "THE AUTHORITY – DART's Boundaries, Additions, Withdrawal Rights" and "REVENUES, EXPENSES AND INVESTMENTS – Recent Legislation and Administrative Changes." See also "IMPACT OF COVID – 19 PANDEMIC ON DART – Impact of COVID-19 on Certain Financial and Operational Data."

The increasing use of the Internet to conduct electronic commerce may affect the collection of the sales and use tax. To the extent that transactions subject to the Sales Tax imposed by the Authority avoid normal collection and remittance procedures because they occur over the Internet, the Authority's receipt of Sales Tax may be adversely affected. At this time, the Authority is unable to predict how Internet sales may affect the amount of Sales Tax collected in the future. If, due to increases in Internet or other tax-exempt sales, the Authority's Sales Tax revenue decreases or increases more slowly than operating expenses and debt service requirements, the Authority's ability to pay the Bonds and maintain operations could be adversely affected to an extent that cannot be predicted.

Cybersecurity Risk

The Authority relies on a large and complex environment to conduct its operation and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks, on its computing and other digital networks and systems (the "*Systems Technology*"). As a recipient and provider of sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to the Authority and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and operational safeguards. While the Authority's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Authority that such measures will ensure against cybersecurity threats and attacks, and a breach could damage the Authority's Systems Technology and, in certain instances, possibly cause material disruption to the Authority's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial.

Sequestration of the Obligations designated as Build America Bonds

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions in federal spending took effect as of March 1, 2013. These required reductions in federal spending included a reduction to refundable credits under section 6431 of the Internal Revenue Code (the "*Code*") applicable to certain qualified bonds, including "Build America Bonds" issued pursuant to section 54AA of the Code for which an issuer elected to receive a direct credit subsidy payment pursuant to section 6431 of the Code.

The Senior Lien Sales Tax Revenue Bonds, Taxable Series 2009B (Build America Bonds – Direct Payment to Issuer) (the "*Series 2009B Bonds*") and the Senior Lien Sales Tax Revenue Bonds, Taxable Series 2010B Bonds (Build America Bonds –Direct Payment to Issuer) (the "*Series 2010B Bonds*") are designated as "Build America Bonds", for such qualified bonds eligible for the direct credit subsidy payment, the Office of Management and Budget ("*OMB*") set a sequester percentage (i.e. reduction) of 6.9% for federal fiscal year 2017, 6.6% for federal fiscal year 2018, 6.2% for federal fiscal year 2019 and 5.9% for federal fiscal year 2020. For federal fiscal year 2021, the OMB set the sequester percentage at 5.7%, which applies to any payment processed on or after October 1, 2020 and on or before September 30, 2030, unless and until a law is enacted that cancels or otherwise impacts the sequester. Sequestration is expected to continue past September 30, 2030, and the sequestration percentage may increase or decrease in any federal fiscal year.

Risks Associated with Federal Funding

The receipt of capital grants from the FTA is not assured and is subject to approval by the FTA, Secretary of Transportation and OMB as well as appropriation by the U.S. Congress, to the allocation and delivery procedures of the U.S. Department of Transportation ("*USDOT*") and the FTA, and to compliance by the Authority with conditions to the grants. By August 15 of each year, the Congressional Budget Office (the "*CBO*") issues a report that provides estimates of the caps on discretionary budget authority in effect for each Fiscal Year. If federal funding for transit programs is delayed, reduced, or cancelled, whether as a result of sequestration or for other reasons, DART's receipt of FTA grant funding, as well as DART's substantial recurring revenue from the FTA, could be delayed, reduced or cancelled. See "DART'S FINANCIAL PRACTICES AND RESOURCES – Federal Grant Funds."

The Master Debt Resolution Provides for Cross-Defaults

The Master Debt Resolution provides that an "Event of Default" occurs thereunder if, under certain circumstances, DART defaults in the due and punctual performance of any covenant, condition, agreement or provision contained in any Obligation (including any Credit Agreement) or any Outstanding Supplemental Resolution. See "Article VII. DEFAULTS AND REMEDIES" in APPENDIX A1 – Summary of Certain Terms of the Master Debt Resolution as Amended by Supplemental Debt Resolutions.

Nonpayment Events of Default

If DART defaults in the performance of any nonpayment related covenants, conditions, agreements, and provisions contained in the Obligations or in any of the Outstanding Supplemental Resolutions, notice of default may be initiated by the Holders of not less than 10% in aggregate principal amount of Outstanding Bonds, a Credit Provider, or a Bondholder Representative. It may be difficult for the Holders of the Bonds to initiate a nonpayment Event of Default, unless such Holders are successful in obtaining the cooperation of a significant number of Holders of Outstanding Bonds. Although the Master Debt Resolution permits a Supplemental Resolution authorizing a series of Bonds to designate a Bondholder Representative to represent the Holders of a series of Bonds at a time when there is no Credit Agreement in effect, such designation has not been made in the Twenty-Third Supplemental Debt Resolution.

Limitation and Enforceability of Remedies

The remedies available to the Holders of the Bonds upon an Event of Default under the Master Debt Resolution are limited to the seeking of specific performance or a writ of mandamus or other suit, action, or proceeding compelling and requiring the Authority and its officers to observe and perform any covenant, condition, or obligation prescribed in the Master Debt Resolution. NO ACCELERATION REMEDY IS AVAILABLE TO HOLDERS OF THE BONDS. A Credit Provider, a Bondholder Representative, or a trustee selected by and representing not less than 25% in principal amount of the Outstanding Bonds may initiate an action against DART, but only if the Holders of at least 25% in principal amount of the Outstanding Senior Lien Obligations have joined in or consented to such action or each Holder of a Senior Lien Obligation has been provided prior notice of such action. It may be difficult for the Holders of the Bonds to cause a trustee, a Credit Provider, or a Bondholder Representative to take action in the Event of Default without the cooperation of a significant number of Holders of the Outstanding Senior Lien Obligations.

After an Event of Default, the Trustee will transfer funds in the same order as if no Event of Default had occurred with the exception that Administrative Expenses will be paid prior to the payment of interest and principal installments from the Senior Lien Debt Service Fund and the funds securing any Subordinate Lien Obligations.

The remedies available under the Master Debt Resolution are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion and (ii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Further, under current State law, DART is prohibited from waiving sovereign immunity from suit or liability with respect to their obligations relating to the Bonds and, therefore, Holders of the Bonds are prevented from bringing a suit against DART to adjudicate a claim to enforce its obligations under the Master Debt Resolution or for damages for breach of its obligations under the Master Debt Resolution. However, State courts have held that mandamus proceedings against a governmental unit, such as DART, are not prohibited by sovereign immunity.

Infectious Disease Outbreak

See "IMPACT OF COVID-19 PANDEMIC ON DART" above for risks associated with the Bonds resulting from the COVID-19 pandemic.

TAX MATTERS

The following discussion is a summary of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Bonds offered in this offering. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations promulgated thereunder, Internal Revenue Service (the "Service" or "IRS") rulings and pronouncements, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. DART cannot assure holders or respective holders that the Service will not challenge the conclusions stated below, and no ruling from the Service or an opinion of counsel has been or will be sought on any of the matters discussed below.

This discussion is limited to holders who are the initial purchasers of the Bonds for cash at their original purchase price, which will equal the first price to the public (not including bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Bonds is sold for cash (the "Issue Price") and who hold the Bonds as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address all U.S. federal income tax consequences relative to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation: U.S. expatriates and former citizens or long-term residents of the United States; persons subject to the alternative minimum tax; U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; persons holding the Bonds as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction, or other integrated investment; banks, insurance companies or other financial institutions; real estate investment trusts or regulated investment companies; brokers, dealers or traders in securities or currencies; "controlled foreign corporations", "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax; S corporations, partnerships and other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein); persons subject to special accounting rules as a result of any items of gross income with respect to the Bonds being taken into account in an applicable financial statement; tax-exempt organizations or governmental organizations; persons who elect to use a mark-to-market method of accounting for security holdings; and individual retirement accounts or qualified pension plans. This summary does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances and does not discuss the effect of any U.S. state, local income or other tax laws, any U.S. federal estate and gift tax laws, or any non-U.S. tax laws.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Bonds, the tax treatment of such partnership or a partner of such partnership generally will depend upon the tax status of the partner and the tax treatment of the partnership. **Partnerships acquiring Bonds and partners of partnerships acquiring the Bonds should consult their own tax advisors about the U.S. federal income tax consequences to them of the purchase, ownership and disposing of the Bonds.**

This discussion of material U.S. federal income tax considerations is provided for general information only and is not intended as tax advice to any particular investor. Persons considering the purchase of the Bonds are urged to consult their tax advisors with regard to the application of U.S. federal income or other tax laws (including estate and gift tax laws) to their particular situations as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction or under any applicable tax treaty.

Consequences to U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to U.S. holders of the purchase, ownership, and disposition of the Bonds. As used herein "U.S. Holder" means a beneficial owner of a Bond who or that is for U.S. federal income tax purposes: (i) an individual who is a citizen of the United States or resident alien of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or if a valid election is in effect under U.S. Treasury Regulations to be treated as a United States person.

Interest on the Bonds -- A U.S. Holder will be required to recognize as ordinary income all interest paid or accrued on the Bonds in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount -- If the Issue Price of the Bonds of any stated maturity is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over the Issue Price, and such amount will be amortized over the life of the Bonds using the "constant yield method" provided in the U.S. Treasury Regulations. The original issue discount accrues under the constant yield method and the beneficial owners of the Bonds, regardless of their regular method of accounting, must include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of such Bonds that exceeds actual cash interest payments to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on such Bonds each taxable year will be reported annually to the Service and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds such Bonds will increase such beneficial owner's adjusted tax basis of such Bonds.

Premium -- If the Issue Price of the Bonds of any stated maturity is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased such Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of such Bond and may offset interest otherwise required to be included in respect of such Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on such Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of such Bond. However, if such Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the U.S. Treasury Regulations which could result in a deferral of the amortization of some Bond premium until later in the term of such Bond. Any election to amortize Bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Bond -- A U.S. Holder generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Bond measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received (except to the extent that the cash or other property received in respect of a Bond is attributable to accrued and unpaid interest on the Bond, which amount will be taxable as ordinary interest income to the extent not previously included in gross income) and (ii) the U.S. Holder's adjusted tax basis in the Bond.

A U.S. Holder's adjusted tax basis in the Bonds generally will equal the amount the U.S. Holder paid for the Bonds, increased by any original issue discount previously included in the holder's income and decreased by the amount of the Bond premium that has been previously amortized. Any gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if, at the time of the sale, exchange, redemption, retirement or other taxable disposition, the Bonds have been held by the U.S. Holder for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders, including individuals, generally will be subject to a reduced rate of tax. The deductibility of capital losses is subject to certain limitations. U.S. Holders of the Bonds should consult their tax advisors regarding the treatment of capital gains and losses.

Information Reporting and Backup Withholding -- Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other disposition of, the Bonds held by U.S. Holders, and backup withholding may apply unless the U.S. Holder provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Holder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the Service.

Tax Consequences to Non-U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to Non-U.S. Holders of the purchase, ownership and disposition of the Bonds. For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of Bonds that is neither classified for U.S. federal income tax purposes as a partnership nor is a U.S. Holder (as defined above).

Interest on the Bonds -- Subject to the discussions below regarding backup withholding and FATCA withholding, payments of interest on a Bond to a Non-U.S. Holder that are not effectively connected with such Non-U.S. Holder's U.S. trade or business generally will not be subject to U.S. federal income tax and will be exempt from U.S. federal withholding tax under the portfolio interest exemption provided that:

- the Non-U.S. Holder is not an actual or constructive owner of 10% or more of the total combined voting power of all classes of DART's voting stock;

- the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to DART through stock ownership; and

- the Non-U.S. Holder is not a bank that acquired the Bonds in consideration for the extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business.

- (i) the Non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person as defined under the Code (which certification may be made on an IRS Form W-8BEN or W-8BEN-E (or other applicable form)); (ii) the non-U.S. Bondholder holds its Bonds through certain foreign intermediaries and it satisfies the certification requirements of applicable Treasury Regulations; or (iii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Bonds on behalf of the Non-U.S. Holder and such securities clearing organization, bank, or other financial institution satisfies the certification requirements of applicable Treasury Regulations.

If the payments of interest on a Bond are effectively connected with the conduct by a Non-U.S. Holder of a trade or business in the United States (and, in the event that an income tax treaty is applicable, if the payments of interest are attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), such payments will not be subject to withholding of U.S. federal income tax so long as the Non-U.S. Holder provides the applicable withholding agent with a properly completed IRS Form W-8ECI (or other applicable form), signed under penalties of perjury. However, such payments will be subject to U.S. federal income tax on a net income basis at regular graduated income tax rates generally in the same manner as if it were a U.S. Holder (as defined above), subject to any modifications provided under an applicable income tax treaty. In addition, if the Non-U.S. Holder is a foreign corporation for federal income tax purposes, such payments of interest may also be subject to a branch profits tax at the rate of 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year, subject to certain adjustments, including earnings and profits from an investment in the Bonds, that are effectively connected with its conduct of a trade or business in the United States.

A Non-U.S. Holder that does not qualify for the exemption from U.S. federal withholding tax under the preceding paragraphs generally will be subject to U.S. federal withholding tax at the rate of 30% on payments of interest on the Bonds, unless such Non-U.S. Holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming exemption from or a reduction of withholding under the benefit of an applicable tax treaty. Income tax treaties may provide for a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above. Non-U.S. Bondholders should consult with their advisors regarding any applicable income tax treaties.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Bond -- Subject to the discussions below on backup withholding and FATCA withholding, any gain realized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Bond generally will not be subject to U.S. federal income tax or withholding tax, unless:

- Such gain is effectively connected with the conduct by such Non-U.S. Holder of a U.S. trade or business in the United States (and, in the event that an income tax treaty is applicable, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States),

- the Non-U.S. Bolder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied.

If a Non-U.S. Holder is engaged in a trade or business in the United States and gain on a Bond is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder within the United States), the Non-U.S. Holder will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as if it were a U.S. Holder, subject to any modification provided under an applicable income tax treaty. If the Non-U.S. Holder is a foreign corporation for U.S. federal income tax purposes, such gain may also be subject to a branch profits tax at the rate of 30%, or lower applicable treaty rate, of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

If a Non-U.S. Holder is an individual who is present or deemed to be present in the United States for 183 days or more during the taxable year of the disposition of a Bond and certain other requirements are met, such Non-U.S. Holder generally will be subject to U.S. federal income tax at a flat rate of 30% (unless a lower applicable income tax treaty rate applies), on any such gain.

Information Reporting and Backup Withholding -- Payments to Non-U.S. Holders of interest on a Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the Service and to the Non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is established under the provisions of a specific treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of principal and interest on Bonds if the Non-U.S. Holder furnishes a certification as to its Non-U.S. status or the Non-U.S. Holder otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person.

Payment of the proceeds of a disposition of a Bond effected by the U.S. office of a United States or foreign broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder properly certifies under penalties of perjury as to its foreign status and certain other conditions are met or the Non-U.S. Holder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records of the Non-U.S. Holder's foreign status and certain other conditions are met, or the Non-U.S. Holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Bond effected outside the United States by such a broker if it has certain relationships with the United States.

U.S. backup withholding tax is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the Service.

FATCA Withholding

The Foreign Account Tax Compliance Act, or "FATCA," imposes a 30% withholding tax on certain types of payments made to foreign financial institutions, or "FFIs," and certain other non-U.S. entities, unless certain due diligence, reporting, withholding, and certification requirements are satisfied. As a general matter, FATCA imposes a 30% withholding tax on interest payments on a Bond, and (subject to the proposed United States Treasury regulations discussed below) payments of gross proceeds from the sale or other disposition of a Bond, that are made to an FFI or non-financial foreign entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence, reporting, and other requirements of such an agreement, (ii) the foreign entity is not an FFI and either certifies that it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" U.S. owner can mean an owner of any interest in the foreign entity.

As noted above, withholding under FATCA can apply to payments of gross proceeds from the sale or other disposition of a Bond, in addition to interest payments. However, United States Treasury regulations have been proposed that would entirely eliminate FATCA withholding on payments of gross proceeds. Taxpayers generally may rely on these proposed United States Treasury regulations until the promulgation of final United States Treasury regulations.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the Authority has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as the Bonds are outstanding. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "*MSRB*"). Access to such information will be made available to the public without charge by the MSRB on its Electronic Municipal Market Access ("*EMMA*") website at www.emma.msrb.org.

Annual Reports

The Authority will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in this Official Statement under Tables numbered 1 through 3 and in APPENDIX B.

The Authority may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 ("*Rule 15c2-12*") of the United States Securities and Exchange Commission (the "*SEC*"). The updated information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial information and operating data which is customarily prepared by the Authority by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation.

The Authority's current Fiscal Year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Authority changes its Fiscal Year. If the Authority changes its Fiscal Year, it will notify the MSRB of the change and such updated information will be due six (6) months from the date of the revised Fiscal Year end.

Certain Event Notices

The Authority will notify the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds, to the extent applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) the release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or name change of a trustee, if material; (15) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

For the purposes of (A) the event numbered (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (B) the events numbered (15) and (16) above and the definition of financial obligation in the immediately preceding paragraph the Authority intends the words used to have the same meanings as when they are used in Rule 15c2-12, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

In addition, the Authority will provide timely notice to the MSRB of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under "– Annual Reports."

Limitations and Amendments

The Authority has agreed to update information and to provide notices of material events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement. Holders or beneficial owners of Bonds may seek as their sole remedy a writ of mandamus to compel the Authority to comply with its agreement. No default by the Authority with respect to its continuing disclosure agreement shall constitute a breach of or default under the Resolution for purposes of any other provision of the Resolution. Nothing in this paragraph is intended or shall act to disclaim, waive or otherwise limit the duties of the Authority under federal and state securities laws. The Authority's undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions.

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the Authority, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell the Bonds in the offering described herein in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "– Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

Certain annual filings were inadvertently not linked to certain CUSIPs for outstanding bonds. DART has updated its annual filings through EMMA and remedied any incorrect or missing CUSIP linkages for any outstanding bonds for which it is aware.

OTHER INFORMATION

Ratings

Kroll Bond Rating Agency, Inc. ("*KBRA*"), Moody's Investors Service, Inc., ("*Moody's*") and S&P Global Ratings ("*S&P*") have assigned the following respective municipal bond ratings to the Bonds based on the Authority's underlying credit.

KBRA	Moody's	S&P
AAA	**Aa2**	**AA+**

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. The Authority is not obligated to maintain the current ratings on the Bonds and there is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds. Neither the Authority nor the Co-Financial Advisors nor the Underwriters will undertake the responsibility to oppose any revision or withdrawal of such ratings. A securities rating is not a recommendation to buy, sell, or hold securities.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Matters

The Authority will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds and sale thereof to the underwriters of the Bonds (the "*Underwriters*"), including the unqualified approving legal opinion of the Attorney General of Texas approving the initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinions of Bracewell LLP, Dallas, Texas, West & Associates, L.L.P., Dallas, Texas, and McCall Parkhurst & Horton L.L.P., Dallas, Texas (collectively, "*Co-Bond Counsel*"). The Form of Legal Opinions of Co-Bond Counsel is attached hereto as APPENDIX C and Co-Bond Counsel will deliver separate legal opinions in such form. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the issuance of the Bonds. Certain matters will be passed upon for the Underwriters by their Co-Counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas and Greenberg Traurig, LLP, Dallas, Texas.

Co-Bond Counsel are engaged by and represent the Authority. Bracewell LLP, West & Associates, L.L.P., and McCall, Parkhurst & Horton L.L.P. represent the Underwriters from time to time in matters unrelated to the issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from Authority records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Co-Financial Advisors

Estrada Hinojosa & Company, Inc., and PFM Financial Advisors LLC are employed as Co-Financial Advisors to the Authority in connection with the issuance of the Bonds. The Co-Financial Advisors fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. Estrada Hinojosa & Company, Inc., and PFM Financial Advisors LLC in their capacity as Co-Financial Advisors, do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Co-Financial Advisors to the Authority have provided the following sentence for inclusion in this Official Statement. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

Verification of Mathematical Accuracy

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest earned on the cash or Escrowed Securities for the Refunded Obligations, together with other available funds, if any, held in the respective Escrow Fund for the Refunded Obligations to provide for the payment of the Refunded Obligations, will be verified by Causey Demgen & Moore P.C., a firm of independent certified public accountants.

These computations will be based upon information and assumptions supplied by the Co-Financial Advisors on behalf of the Authority. Causey Demgen & Moore P.C., has restricted its procedures to recalculating the computations provided by the Underwriters and has not evaluated or examined the assumptions or information used in the computations.

Underwriting

The Underwriters for the Bonds have agreed, subject to certain conditions to delivery, to purchase the Bonds from DART on the Date of Delivery, at a price of $597,758,942.97, reflecting the par amount of $576,355,000.00, plus original issue premium of $23,762,757.55 less an underwriter's discount of $2,358,814.58. The Underwriters for the Bonds will be obligated to purchase all of the Bonds if any Bonds are purchased. The right of the Underwriters to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds.

The Bonds to be offered to the public may be offered and sold to certain dealers (including the respective Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters. The Authority has also agreed to reimburse the Underwriters for certain expenses in connection with the offering.

The Underwriters have furnished for inclusion in this Official Statement the following paragraphs. The Authority makes no representation as to the accuracy or completeness of the information contained in the following paragraphs.

Stern Brothers & Co., an Underwriter of the Bonds, has entered into an agreement (the "Stern Brothers Agreement") with InspereX LLC ("InspereX") for the distribution of certain municipal securities offerings at an original issue price. Pursuant to the Stern Brothers Agreement, Stern Brothers & Co. may sell the Bonds to InspereX and will share a portion of its selling concession compensation, if applicable.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") are the trade names used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of NFA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934. WFBNA, acting through its Municipal Finance Group, one of the underwriters of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and nonfinancial services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform a variety of these services for the Authority, and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default wraps) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and/or instruments of the Authority. The Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Independent Auditors

The 2020 Financial Statements are included in this Official Statement in APPENDIX B, and such financial statements have been audited by Crowe LLP, independent auditors, as stated in their report appearing therein, which is based on their audit and the reports of other auditors. Crowe LLP has not been engaged to perform and has not performed, since the date of its report included in APPENDIX B, any procedures on the financial statements addressed in that report. Crowe LLP also has not performed any procedures relating to this Official Statement.

GENERAL INFORMATION

This Official Statement does not create a contract between or among the Authority, the Underwriters and the purchasers of the Bonds. The form and content of this Official Statement, including all Appendices have been approved by an Authorized Officer on behalf of the Authority and has been authorized by the Authority for use in the reoffering of the Bonds by the Underwriters.

SCHEDULE I

REFUNDED OBLIGATIONS

Bonds	**Maturity Date**	**Interest Rate**	**Par Amount**	**Call Date**	**CUSIP Number**[1]
Senior Lien Sales Tax Revenue Refunding Bonds, Series 2014A					
	12/01/2025	5.000%	$ 31,355,000	12/01/2024	235241PC4
	12/01/2028	3.200%	2,065,000	12/01/2024	235241PF7
TOTAL			**$ 33,420,000**		

Bonds	**Maturity Date**	**Interest Rate**	**Par Amount**	**Call Date**	**CUSIP Number**[1]
Senior Lien Sales Tax Revenue Refunding Bonds, Series 2016A					
	12/01/2026	5.000%	$ 13,200,000	12/01/2025	235241RH1
	12/01/2027	5.000%	13,880,000	12/01/2025	235241RJ7
	12/01/2028	5.000%	14,590,000	12/01/2025	235241RK4
	12/01/2029	5.000%	15,335,000	12/01/2025	235241RL2
	12/01/2030	5.000%	16,125,000	12/01/2025	235241RM0
	12/01/2031	5.000%	16,950,000	12/01/2025	235241RN8
	12/01/2032	5.000%	17,820,000	12/01/2025	235241RP3
	12/01/2033	5.000%	18,735,000	12/01/2025	235241RQ1
	12/01/2034	5.000%	19,700,000	12/01/2025	235241RR9
	12/01/2035	5.000%	20,705,000	12/01/2025	235241RS7
	12/01/2036	5.000%	21,770,000	12/01/2025	235241RT5
	12/01/2041[2]	5.000%	63,610,000	12/01/2025	235241RU2
	12/01/2046[2]	5.000%	151,775,000	12/01/2025	235241RW8
	12/01/2048[2]	5.000%	78,335,000	12/01/2025	235241RV0
TOTAL			**$ 482,530,000**		

COMBINED TOTAL OF REFUNDED OBLIGATIONS **$ 515,950,000**

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(1) CUSIP numbers have been assigned to this issue by the CUSIP Global Services, managed by S&P Capital Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Refunded Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. DART, the Co-Financial Advisors, and the Underwriters shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

(2) Term Bonds.

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APPENDIX A1

SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION, AS AMENDED BY SUPPLEMENTAL DEBT RESOLUTIONS

A Table of Contents and brief descriptions of certain provisions of the Master Debt Resolution, as amended, are included on the following pages of this APPENDIX A1. The descriptions are not intended to be comprehensive or complete but are to be used as a guide to the full provisions of the Master Debt Resolution. The full and complete text of the Master Debt Resolution may be obtained directly from DART without cost at the address given in the text of this document, and it may be viewed on the Internet at DART's website, ***www.dart.org***. Specific Article and Section numbers are identified in "*italics*" throughout this Summary.

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SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION, AS AMENDED BY SUPPLEMENTAL DEBT RESOLUTIONS

DEFINITIONS
{*Article I*}

The following are definitions of certain terms used in this Summary.

Accrued Aggregate Debt Service – means, for any specified Debt Service Accrual Period, and with respect to a specified series of Obligations, an amount equal to the sum of the Debt Service accruing during that Debt Service Accrual Period with respect to all of such Obligations that are Outstanding at the beginning of such Debt Service Accrual Period.

Accrued Aggregate Interest – means, for any specified Debt Service Accrual Period, and with respect to a specified series of Obligations, that portion of Accrued Aggregate Debt Service that is attributable to interest on such Obligations for such Debt Service Accrual Period. Such term shall include amounts payable to the counterparty under a Swap Agreement to the extent such amounts exceed the applicable amount of interest on the other Obligations to which the Swap Agreement relates, but does not include termination fees or other similar charges with respect to Credit Agreement Obligations.

Accrued Aggregate Principal – means, for any Specified Debt Service Accrual Period and with respect to a specified series of Obligations, that portion of Accrued Aggregate Debt Service for such Debt Service Accrual Period that is attributable to Principal Installments of such Obligations.

Act - means Chapter 452, Texas Transportation Code, as amended.

Additional Senior Lien Obligations – means one or more series of bonds, notes, commercial paper, obligations, or other evidences of indebtedness permitted by Applicable Law and issued by DART on a parity as to the Pledged Revenues with the Initial Senior Lien Obligations for lawful purposes as permitted by pursuant to Section 3.2 of the Master Debt Resolution.

Administrative Expenses – means amounts owed to the Trustee under Section 8.4 of the Master Debt Resolution and, to the extent specified in a Supplemental Resolution, the fees, expenses, and indemnification liabilities payable to the Paying Agent, the Credit Providers, any Bondholder Representative, and others. Said term does not include Credit Agreement Obligations.

Applicable Law – means the Act and all other laws or statutes, rules or regulations, and any amendments thereto, of the State or of the United States by which DART and its powers, securities, bonds, notes, and other obligations, and its operations and procedures are, or may be, governed or from which such powers may be derived.

Authorized Officer – means the President and Executive Director, the Chief Financial Officer, the Treasurer, the Assistant Treasurer, and such other officers or employees of DART as may be authorized to perform duties under the Master Debt Resolution.

Available Remaining Revenues – means the amount of the Gross Sales Tax Revenues, plus the Special Revenues that are available to DART for spending for lawful purposes and the uses of which are not restricted by Applicable Law, grant condition, or contract (i) after complying with the requirements of Article V of the Master Debt Resolution, and (ii) after applying all of the revenues received from the operation of the System to the purpose of operating and maintaining the System, as required by Section 452.358 of the Act.

Board – means the governing subregional board of directors of DART as authorized and required by, and selected in the manner provided in, Section 452.574 of the Act.

Bond Counsel and Co-Bond Counsel – means one or more firms of nationally recognized attorneys (including groups of attorneys) selected by DART that are experienced in financing public infrastructure through the issuance of tax-exempt obligations under Section 103 of the Code.

Bondholder Representative – means each Person appointed pursuant to Section 11.8 of the Master Debt Resolution.

Bond Obligation – means any Obligation that is issued in the form of bonds, notes, or other securities or other forms of indebtedness other than a Credit Agreement Obligation.

Business Day – means, unless another definition is provided in a Supplemental Resolution with respect to a series of Obligations, any day other than a Saturday, Sunday or legal holiday or other day on which banking institutions in the city where the designated payment/transfer office of the Paying Agent and/or Registrar is located, or where the principal office of the Trustee is located, are generally authorized or obligated by law or executive order to close.

Certificate – means a document signed by an Authorized Officer, either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Master Debt Resolution or a Supplemental Resolution.

Code – means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

Comptroller – means the Constitutional Officer of the State of Texas known as the "Comptroller of Public Accounts" and any successor official or officer that may be charged by law with the duty of collecting the Sales Tax for the account of, and remitting Gross Sales Tax Revenues to, DART.

Costs of Acquisition and Construction – means all costs and expenses of planning, designing, acquiring, constructing, installing, extending, equipping, improving, repairing, replacing and financing any part or all of the System, placing the System in operation, and obtaining governmental approvals, certificates, permits and licenses with respect thereto. The Costs of Acquisition and Construction shall include, but shall not be limited to:

(i) all costs of land, rights-of-way and other interests in land, equipment, building and other structures, environmental remediation costs and facilities, engineering fees and costs, all fees and amounts owing for contractors, laborers, materials, equipment, utility services and supplies, legal fees and financing costs and fees;

(ii) costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies and the securing of regulatory approvals;

(iii) working capital and reserves during any period of acquisition or construction;

(iv) interest accruing in whole or in part on Obligations prior to and during construction or prior to and during land and equipment acquisition programs and for such additional period as the Board may determine to be necessary for the placing of the System or any facility or equipment in operation;

(v) the fees, costs or expenses incurred or agreed to be paid by DART in connection with any Credit Agreement; and

(vi) all other costs and expenses incurred by DART and properly and legally allocable to the acquisition, construction, extension, improvement and repair of all or any part of the System, expressly including, but not limited to, the costs or insurance that is properly allocable to the construction of expansions to the System, legal and professional fees, and financing costs and fees.

Credit Agreement – means any agreement of DART permitted by Applicable Law that is entered into with a Credit Provider for the purpose of enhancing or supporting the creditworthiness of all or a part of a series of Bond Obligations, and/or to assure DART's financial ability to honor rights of tender of any such Bond Obligations and to hold, sell, market or remarket any of such Bond Obligations tendered according to the specific terms and features of a series of such Bond Obligations as contained and defined in a Supplemental Resolution, and/or to make deposits to any fund in lieu of cash deposits thereto, such as, for example only, municipal bond insurance policies, stand-by bond purchase agreements, Swap Agreements, revolving credit agreements, hedge agreements, and letters or lines of credit issued or provided by, and notes, surety bonds, reimbursement, purchase and other similar agreements with, banks, insurance companies or other commercial and financial institutions or by and with governmental agencies, entities or departments.

Credit Agreement Obligations – means any liability of DART to pay any amount of principal, interest, or other payment on any debt or liability created under a Credit Agreement in favor of a Credit Provider that is declared by the terms of the Master Debt Resolution or a Supplemental Resolution to be a Senior Lien Obligation, a Subordinate Lien Obligation or a Junior Subordinate Lien Obligation.

Credit Provider – means each party named in the Master Debt Resolution or a Supplemental Resolution that provides credit or liquidity support for or insurance insuring the payment of, any amounts due or owing on a series of Bond Obligations, or other financial undertakings in a Credit Agreement, including a counterparty to DART under a Swap Agreement.

DART – means Dallas Area Rapid Transit, a sub-regional transportation authority, public body corporate and politic created under the Act.

Debt Service – means, for any specified Debt Service Accrual Period or other period with respect to a specified series of Obligations, an amount equal to the sum of:

(i) the sum of (A) all interest that is due and payable (but unpaid) on the commencement of such Debt Service Accrual Period or other period, plus (B) interest accruing on such Obligations, including as to Interim Obligations, and as to Variable Interest Rate Obligations, if any, the amount estimated by an Authorized Officer that will accrue during such Debt Service Accrual Period or other period, but excluding therefrom any interest that an Authorized Officer certifies to the Paying Agent will be paid from the proceeds of Obligations or from Credit Agreements; and

(ii) the sum of (A) all Principal Installments that are due and payable (but unpaid) on the commencement of such Debt Service Accrual Period or other period, plus (B) that portion of next maturing Principal Installment on such Obligations which will accrue during such Debt Service Accrual Period or other period, other than a Principal Installment with respect to Interim Obligations and Credit Agreement Obligations that are to be paid either with the proceeds of Bond Obligations or with funds provided by a Credit Provider, and other than amounts scheduled to be paid by a counterparty to a Swap Agreement that is not in default. For the purpose of determining the amount of the next maturing Principal Installment that will accrue during a Debt Service Accrual Period or other period, DART and the Paying Agent shall assume that the Principal Installment accrues daily in equal amounts from the next preceding Principal Installment due date. If there is no preceding Principal Installment due date with respect to particular Obligations, the Principal Installments with respect to that series shall not begin to accrue until the later of (A) the date which is one year preceding the first Principal Installment due date of that series, or (B) the date of issuance of that series.

Debt Service requirements shall be calculated on the assumption that no Obligations that are Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the Principal Installments or Sinking Fund

Installments thereon when due, except as provided in the Master Debt Resolution for Interim Obligations. Such Debt Service requirements shall not include termination fees or other similar charges with respect to Credit Agreement Obligations.

Debt Service Accrual Period – means the period commencing on, as applicable, the date of issuance or execution of any Obligation under the Master Debt Resolution, or the most recent date on which the Trustee has transferred Gross Sales Tax Revenues from the Gross Sales Tax Revenue Fund in accordance with Section 5.3(a) of the Master Debt Resolution, whichever is later, and ending on, but excluding, the next date on which the Trustee is expected to transfer Gross Sales Tax Revenues to the Gross Sales Tax Revenue Fund, as such period is specified by the Trustee in its request to each Paying Agent as required by Section 5.3(c) of the Master Debt Resolution.

Event of Default – means the occurrence of any of the events or circumstances described as such in Section 7.1 of the Master Debt Resolution.

Federal Interest Subsidy – means the interest subsidy payment received by DART from the United States Treasury relating to the interest payable on the Series 2009B Bonds and the 2010B Bonds under Section 54AA of the Code.

First Supplemental Debt Resolution – means the Supplemental Resolution approved by the Board authorizing the issuance and setting forth the terms of the Senior Subordinate Lien Obligations authorized by Section 3.3(a) of the Master Debt Resolution.

Fiscal Year – means the twelve-consecutive month period established from time to time by the Board as DART's fiscal year. Until changed by resolution of the Board, the fiscal year shall be the period commencing October 1 and ending on the following September 30.

Force Majeure – means any act of God or the public enemy; strike, lockout, work slowdown or stoppage or other labor dispute; insurrection, riot or other civil disturbance; order of the government of the United States or of any state thereof or order of any other civil or military authority; failure of a public utility; or other condition or event beyond the reasonable control of DART, other than a financial condition, business condition or condition or event constituting frustration of purpose.

General Operating Fund – means the fund by that name reestablished and confirmed in Section 5.1 of the Master Debt Resolution.

Gross Sales Tax Revenue Fund – means the special trust fund by that name reestablished and confirmed in Section 5.1 of the Master Debt Resolution.

Gross Sales Tax Revenues – means all of the revenues due or owing to, or collected or received by or on behalf of, DART, or by the Trustee pursuant to the Master Debt Resolution, from or by reason of the levy of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retentions are authorized or required by law. Such term expressly does not include any Special Revenues.

Holder – means, with respect to Bond Obligations, the registered owner of a Bond Obligation according to the Obligation Register relating to such Bond Obligation, and, with respect to each Credit Agreement Obligation, the related Credit Provider.

Initial Senior Lien Obligations – mean the Senior Lien Obligations that are authorized in Section 3.1(a) of the Master Debt Resolution.

Interest Payment Date(s) – means the date or dates on which interest on Obligations is payable (including a prepayment or redemption date), as said date or dates are specified in a Supplemental Resolution or in Credit Agreements, as appropriate.

Interim Obligations – mean Obligations, including commercial paper, notes, and similar Obligations (i) for or with respect to which no Principal Installments are required to be made other than on the Stated Maturity Date thereof, which date shall be no later than five (5) years from the date of their delivery to their initial purchasers, and (ii) which are authorized by a Supplemental Resolution in which they are designated as "Interim Obligations" that DART intends to refund, reissue, or refinance in whole or in part prior to or on such Stated Maturity Date.

Investment Securities – mean any and all of the investments permitted by Applicable Law for the investment of the public funds of DART, provided that such investments are at the time made included in and authorized by the official investment policy of DART as approved by the Board from time to time and are not prohibited by a Supplemental Resolution.

Junior Subordinate Lien Debt Service Fund – means the special trust fund so designated and established in Section 5.1 of the Master Debt Resolution.

Junior Subordinate Lien Obligations – means (i) bonds, notes, or other forms of indebtedness and obligations of DART that are by their terms made payable from the Junior Subordinate Lien Debt Service Fund and are secured by a lien on and pledge of Pledged Revenues that is junior and subordinate to the liens on and pledges of Pledged Revenues created in the Master Debt Resolution for the benefit of the Senior Lien Obligations and the Senior Subordinate Lien Obligations, and (ii) each Credit Agreement Obligation that is declared in a Supplemental Resolution to be a "Junior Subordinate Lien Obligation."

Market Value – means the fair market value of Investment Securities calculated as set forth in the Master Debt Resolution.

Maximum Interest Rate – means, with respect to particular Variable Interest Rate Obligations, a numerical or other statement of the rate of interest, which shall be set forth in a Supplemental Resolution or in a Credit Agreement, authorizing such Obligations as appropriate, in each case as being the maximum rate of interest such Obligations may bear at a single time or over the period during which they are Outstanding or unpaid, but in no event exceeding the maximum amount or rate of interest permitted by Applicable Law.

Minimum Interest Rate – means, with respect to any particular Variable Interest Rate Obligations, a numerical rate of interest which may (but need not) be set forth in the Supplemental Resolution, or a Credit Agreement, as appropriate, authorizing such Obligations that shall be the minimum rate of interest such Obligations will at any time bear.

Obligation Register – means, as to each series of Bond Obligations, the register or registers maintained pursuant to Section 4.5 of the Master Debt Resolution.

Obligations – mean the Senior Lien Obligations and the Subordinate Lien Obligations.

Outstanding – when used with reference to Bond Obligations, means, as of any date, Bond Obligations theretofore or thereupon being authenticated and delivered under the Master Debt Resolution or a Supplemental Resolution, except:

(i) Bond Obligations which have been fully paid at or prior to their maturity or on or prior to a redemption date;

(ii) Bond Obligations (or portions thereof) for the payment of which moneys equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption, shall be held by a paying agent or a trustee in cash in trust and set aside for payment at maturity or redemption on a redemption date and for which notice of redemption has been given or provision has been made therefor;

(iii) Bond Obligations in lieu of or in substitution for which other Obligations have been authenticated and delivered pursuant to the Master Debt Resolution or a Supplemental Resolution; and

(iv) Bond Obligations for which payment has been provided by defeasance in accordance with Section 10.2 of the Master Debt Resolution.

When used with reference to Credit Agreement Obligations, the term "Outstanding" shall mean all principal amounts due and payable by DART under the applicable Credit Agreement until the later of the due or maturity date thereof, and the payment thereof in full, but only to the extent, and solely to the extent, that moneys (A) have been actually advanced or loaned to or for the account of DART (and have not been repaid) for the purpose of providing funds for the payment of the interest on or principal or Redemption Price of any Obligations on their maturity, due, or redemption date, or (B) have been paid (and have not been repaid) to or for the account of the Holder of an Obligation in order to honor such Holder's right to tender Obligations for purchase prior to maturity in accordance with the terms and provisions of the applicable Supplemental Resolution or Credit Agreement.

Outstanding Obligations – means any Obligations while, when, after, to the extent, and for so long as any of the same are Outstanding.

Outstanding Resolutions – means the Master Debt Resolution, the First Supplemental Debt Resolution and all other Supplemental Resolutions when and as adopted by the Board.

Paying Agent – means any paying agent and its successor or successors for a series or issue of Obligations appointed pursuant to a Supplemental Resolution as described in Section 4.6 of the Master Debt Resolution.

Person – means any individual, corporation, partnership, (including a limited partnership) limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, or any other legal entity.

Pledged Farebox Revenues – means with respect to any Debt Service Accrual Period, all fares collected by or on behalf of DART for its bus, rail and paratransit services in an amount not less than the amounts set forth on Schedule I to the Twenty-Third Supplement Debt Resolution, and to the extent any Obligations continue to be outstanding beyond the last year set forth in Schedule I, the amount of Pledged Farebox Revenues in each year thereafter shall never be less than the amount set forth in Schedule I for the final year. (See APPENDIX A2" – Pledged Farebox Revenues).

Pledged Revenues – means collectively (a) the Gross Sales Tax Revenues at the point where they are required to be first collected in accordance with the Act and other Applicable Law, and for so long as they are owed, but unpaid, to, or on behalf of DART, (b) the Gross Sales Tax Revenues upon and after receipt by DART or by the Trustee under the Master Debt Resolution and while they are required to be or are on deposit in the Gross Sales Tax Revenue Fund, (c) Investment Securities or other investments or earnings, if any, credited to the Gross Sales Tax Revenue Fund that are not required by the Code to be rebated to the United States of America, (d) Pledged Farebox Revenues, (e) Federal Interest Subsidy payments that are deposited to the Senior Lien Debt Service Fund, and (f) any additional revenues or money of DART which may be, by a Supplemental Resolution, expressly and specifically pledged to the payment of any and or all of the Obligations.

Principal Installment – means any amounts, other than interest payments, including any Sinking Fund Installments, which are stated to be due or required to be made on or with respect to an Obligation which, when made, would reduce the amount of such Obligation that remains Outstanding or would retire and pay the same in full.

Principal Payment Date(s) – means the date or dates upon which Principal Installments are due as specified in a Supplemental Resolution or in a Credit Agreement, as appropriate, to and including the Stated Maturity Date of such Obligations.

Project – means any addition, improvement, expansion or extension to the System to be financed with all or a portion of the proceeds of Obligations, as determined by the Board.

Rebate Fund – means any fund established by a Supplemental Resolution in connection with the issuance of any Bond Obligation that is a Tax-Exempt Obligation, to ensure compliance with the provisions of Section 148 of the Code, including, in particular, Section 148(f) of the Code. For purposes of the foregoing and of the Outstanding Resolutions, DART shall be permitted to rely on a firm of certified public accountants, Bond Counsel or other persons who specialize in the exemption from federal income taxation of interest payable on Tax-Exempt Obligations, and DART may include in a Supplemental Resolutions covenants relating to Tax Exemption Obligations, to a Rebate Fund, and to the use and application of money on deposit in the funds created or confirmed in the Master Debt Resolution or in the funds or accounts created in a Supplemental Resolution.

Redemption Price – means, with respect to any Bond Obligation, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the terms of such Obligation or its authorizing Supplemental Resolution.

Registrar – means any registrar that is appointed pursuant to Section 4.5 of the Master Debt Resolution for Bond Obligations, which may include the Paying Agent for such Bond Obligations and its successor or assigns.

Required Percentage of Holders of Bond Obligations – means the Holders of:

(i) 51% of the principal amount of all Outstanding Bond Obligations that are Senior Lien Obligations;

(ii) 51% of the principal amount of all Outstanding Bond Obligations that are Senior Subordinate Lien Obligations; and

(iii) 51% of the principal amount of all Outstanding Bond Obligations that are Junior Subordinate Lien Obligations.

Resolution – means the Master Debt Resolution as it may from time to time be amended, modified or supplemented by Supplemental Resolutions or by amendment in accordance with Article IX of the Master Debt Resolution.

Rule – means SEC Rule 15c2-12, as amended from time to time.

Sales Tax – means the one-percent (1%) local sales and use tax authorized by the Act and other Applicable Law and heretofore approved at an election and then levied on taxable items and transactions, and confirmed and levied in the Master Debt Resolution, by DART within its boundaries, and hereafter required to be levied within any expanded areas included within DART pursuant to the Act, together with any increases in the rate thereof if provided and authorized by amendment to the Act, but subject to the requirements of the Voted Tax and Debt Limits.

SEC – means the Securities and Exchange Commission of the United States.

Senior Lien Debt Service Fund – means the special trust fund so designated and established in Section 5.1 of the Master Debt Resolution.

Senior Lien Obligations – means (i) the Initial Senior Lien Obligations, (ii) any Additional Senior Lien Obligations, and (iii) each Credit Agreement Obligation that is declared in the Master Debt Resolution or a Supplemental Resolution to be a "Senior Lien Obligation."

Senior Subordinate Lien Debt Service Fund – means the special fund so designated and established in Section 5.1 of the Master Debt Resolution.

Senior Subordinate Lien Obligations – means (i) the Senior Subordinate Lien Obligations authorized and named in Section 3.3(a) of the Master Debt Resolution, (ii) any other bonds, notes, or other forms of indebtedness and obligations of DART that are, by their terms, made payable from the Senior Subordinate Lien Debt Service Fund and that are secured by a lien on and pledge of Pledged Revenues that are junior and subordinate to the lien on and pledge of Pledged Revenues created in the Master Debt Resolution for the benefit of Senior Lien Obligations, but that are senior in right to the lien on and pledge of Pledged Revenues and Pledged Funds created in the Master Debt Resolution for the benefit of Junior Subordinate Lien Obligations, and (iii) each Credit Agreement Obligation that is declared in the Master Debt Resolution, or in a Supplemental Resolution to be a "Senior Subordinate Lien Obligation."

Sinking Fund Installment – means, with respect to any Bond Obligations, the portion of the Accrued Aggregate Debt Service required by a Supplemental Resolution to be deposited to the Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund or the Junior Subordinate Lien Debt Service Fund in all events on a future date to be held on deposit or applied, in either case, for the mandatory redemption or retirement, in whole or in part, of any of such Bond Obligations having a stated maturity after said future date. Said future date is deemed to be the date when such Sinking Fund Installment is due and payable.

Special Revenue Bonds – mean bonds, notes or other obligations issued for lawful purposes that (i) are made payable from Special Revenues pursuant to the right to issue the same reserved in Section 3.6 of the Master Debt Resolution, and (ii) are not payable from or secured by any part or portion of the Pledged Revenues.

Special Revenues – mean any and all revenues of DART, other than the Sales Tax, including, but not limited to, all of (i) any taxes or special charges, other than the Sales Tax, that DART is authorized by Applicable Law to impose and collect for its public purposes, (ii) fare-box revenues (other than Pledged Farebox Revenues), rents, tolls, rates and charges imposed by DART for the use of any part or all of the System, as it exists from time to time, and (iii) the proceeds from grants for the purposes of the System made to DART by the State or by the United States of America.

Standard Assumptions – means the assumptions that are applicable to Interim Obligations and to Variable Interest Rate Obligations, as set forth and described in subsections (e) and (f), respectively, of Section 1.4 of the Master Debt Resolution.

State – means the State of Texas.

Stated Maturity Date – means the date on which an Obligation matures and the full amount owed thereon is in all events due and payable, as specified in a Supplemental Resolution or in a Credit Agreement, as appropriate.

Subordinate Lien Obligations – mean any and all Senior Subordinate Lien Obligations and any and all Junior Subordinate Lien Obligations.

Supplemental Resolution – means any resolution of the Board that supplements the Master Debt Resolution for (i) the purpose of authorizing and providing the terms and provisions of Obligations, or (ii) any of the other purposes permitted by Article IX of the Master Debt Resolution.

Swap Agreement – means a Credit Agreement with respect to a series of Bond Obligations pursuant to which DART agrees to pay to a qualified counterparty an amount of money in exchange for the counterparty's promise to pay an amount equal to all or a portion of the actual amount of interest due and payable on such series according to its terms as it becomes due. For the purposes of this definition, a counterparty is not qualified unless it holds a current rating for claims-paying ability by at least two nationally recognized rating agencies at least equal to the rating of each such rating agency assigned to the Initial Senior Lien Obligations without reference to any Credit Agreement.

System – means the public transportation system of DART, including complementary transportation services, and all of the properties and assets of DART that are defined in and permitted by the Act, whether owned or operated by DART directly or provided for or on behalf of DART by others pursuant to contracts executed for such purposes as provided in the Act.

System Expansion and Acquisition Fund – means the fund so designated and established in Section 5.1 of the Master Debt Resolution.

Tax-Exempt Obligation – means any Bond Obligation the interest on which is excludable from the gross income of the Holder for federal income tax purposes under Section 103 of the Code.

Trustee – means Zions Bancorporation, National Association, Amegy Bank Division, successor to Bank One, Texas, N.A., as the trustee under the Master Debt Resolution, and any successor to or replacement of such trustee appointed in accordance with the Master Debt Resolution.

Variable Interest Rate – means a variable or adjustable interest rate that varies from time to time based on a formula or reference to specified financial indicators, or by negotiation, auction, or revisions through another method from time to time and to be borne by all or a part of any Obligations, all as specified in a Supplemental Resolution or Credit Agreement, as applicable.

Variable Interest Rate Obligations – mean Obligations which bear a Variable Interest Rate.

Voted Tax and Debt Limits – means the limitations on (i) the maximum rate of the Sales Tax that DART may levy and collect, and (ii) the maximum amount of indebtedness that DART may incur that has a maturity longer than five (5) years, in either case without further elections in conformity with Section 9 of the Election Order as summarized in the preambles to the Master Debt Resolution.

Interpretations - Standard Assumptions *{Sections 1.4(e) and (f)}*

Wherever a calculation of Debt Service with respect to Interim Obligations is required by application of the Standard Assumptions, the Debt Service shall be computed by assuming (A) that the Outstanding principal amount of the series of Interim Obligations are bonds secured by a lien on Pledged Revenues on a parity with the Interim Obligations which will amortize over a period of not to exceed 25 years following the date of initial issuance of such Interim Obligations in such manner as will cause the maximum Debt Service for such series in any 12 month period not exceeding 110% of the minimum Debt Service for such series for any other 12 month period, and (B) such series will bear interest at a fixed interest rate reasonably estimated to be the interest rate such series would bear if issued on the date of such estimate.

Wherever a calculation of Debt Service with respect to Variable Interest Rate Obligations that are not Interim Obligations is required by application of the Standard Assumptions, the Debt Service shall be computed by assuming that such Obligations will bear interest at the highest of (i) the actual rate on the date of calculation, or, if such Obligations are not yet Outstanding, the initial rate, if established and binding, (ii) if the Obligations have been Outstanding for at least 12 months, the average rate over the 12 months immediately preceding the date of calculation, or (iii) (A) if the Obligations are Tax Exempt Obligations, the most recently published "Revenue Bond Index," published by the financial news publication presently known as The Bond Buyer, or by a comparable index if no longer published, plus fifty basis points, or (B) if the Obligations are not Tax Exempt Obligations, the interest rate on direct obligations of the United States with comparable maturities, plus fifty basis points or (C) if the Obligations are Credit Agreement Obligations, such rate as is specified in the Supplemental Resolution creating such Credit Agreement Obligations.

PURPOSES, PLEDGE AND SECURITY

{Article II}

Purposes of Resolution, Contract with Holders *{Section 2.1}*

The Master Debt Resolution establishes a lien and the security for, and prescribes minimum standards for issuing, Obligations; authorizes the issuance of the Initial Senior Lien Obligations, an initial series of Senior Subordinate Lien Obligations and permits the issuance of Additional Senior Lien Obligations and other Subordinate Lien Obligations; reserves the right to issue Special Revenue Bonds; and prescribes other matters and the general rights of the Holders, DART, Credit Providers, any Bondholder Representative and the Trustee in relation to such Obligations. The provisions of the Master Debt Resolution constitute a contract of DART to and with the Holders and the Trustee.

Confirmation and Levy of Sales Tax *{Section 2.2}*

The levy and collection of the Sales Tax, at the rate voted at the election at which DART was created, is confirmed, and DART covenants that, as long as any Obligations are Outstanding, or any Administrative Expenses unpaid, it will (i) levy and collect the Sales Tax to the extent it may legally do so at the highest rate permitted by Applicable Law, subject to requirements for an election under the Voted Tax and Debt Limits, and to take all action permitted to cause the Sales Tax to be collected and remitted to DART at the earliest permissible date , and (ii) will not order any reduction in the rate of tax below its current rate of 1%.

If DART shall be hereafter authorized by Applicable Law at its option to apply, impose and levy the Sales Tax on any taxable items or transactions that are not subject to the Sales Tax on the date of the adoption of the Master Debt Resolution, DART, to the extent it legally may do so, hereby covenants and agrees to take such action as may be required by Applicable Law to subject such taxable items or transactions to the Sales Tax. Further, DART shall not restrict or permit the restriction (unless required by Applicable Law) of the application of the Sales Tax to fewer items or transactions than the Sales Tax is applicable to on the date of the Master Debt Resolution. It is provided, however, that DART shall not be required to exercise any “opt-out” or similar rights and thereby to impose the Sales Tax during temporary periods established by law pursuant to which state and local sales and use taxes are generally exempted on selected items in order to provide financial accommodations to the public in preparation for the annual commencement of public-school years and similar purposes unless the failure to collect the Sales Tax during such period would cause an Event of Default to occur under paragraphs (i) or (ii) of Section 7.1 of the Master Debt Resolution.

DART agrees to take and pursue all action permissible under Applicable Law to cause the Sales Tax to be collected and remitted as set forth in the Master Debt Resolution at the earliest and most frequent times permitted by Applicable Law.

Pledge and Security for Obligations *{Section 2.3}*

The Pledged Revenues are irrevocably pledged:

first, (A) to the payment of the principal and any Redemption Price of, and the interest and any premiums on, all Senior Lien Obligations which are or may be Outstanding from time to time, (B) to the establishment and maintenance of any reserve funds or accounts which are ordered to be created with respect to Senior Lien Obligations by a Supplemental Resolution, and (C) to the payment of all Administrative Expenses with respect to Senior Lien Obligations, in each case without distinction as to priority and rights as among each other;

second, subject at all times to the senior rights of the Holders of Senior Lien Obligations and to the payment of Administrative Expenses with respect to Senior Lien Obligations, (A) to the payment of the principal and any Redemption Price of, and the interest and any premiums on, all Senior Subordinate Lien Obligations which are or may be Outstanding from time to time, (B) to the establishment and maintenance of any reserve funds or accounts which are ordered to be created with respect to Senior Subordinate Lien Obligations by a Supplemental Resolution, and (C) to the payment of all Administrative Expenses with respect to Senior Subordinate Lien Obligations, in each case without distinction as to priority and rights as among each other; and

third, subject at all times to the senior rights of the Holders of Senior Lien Obligations and to the payment of Administrative Expenses with respect to Senior Lien Obligations and the senior rights of the Holders of Senior Subordinate Lien Obligations and to the payment of Administrative Expenses with respect to Senior Subordinate Lien Obligations, (A) to the payment of the principal and any Redemption Price of, and the interest and any premiums on, all Junior Subordinate Lien Obligations which are or may be Outstanding from time to time, (B) to the establishment and maintenance of any reserve funds or accounts which are ordered to be created with respect to Junior Subordinate Lien Obligations by a Supplemental Resolution, and (C) to the payment of all Administrative Expenses with respect to Junior Subordinate Lien Obligations, in each case without distinction as to priority and rights as among each other.

DART irrevocably and specifically pledges (i) the Senior Lien Debt Service Fund and all moneys and investments actually on deposit in the Senior Lien Debt Service Fund to the payment of the Senior Lien Obligations and Administrative Expenses with respect to Senior Lien Obligations, (ii) the Senior Subordinate Lien Debt Service Fund and all moneys and investments actually on deposit in the Senior Subordinate Lien Debt Service Fund to the payment of Senior Subordinate Lien Obligations and to Administrative Expenses with respect to Senior Subordinate Lien Obligations, and (iii) the Junior Subordinate Lien Debt Service Fund and all moneys and investments actually on deposit in the Junior Subordinate Lien Debt Service Fund to the payment of Junior Subordinate Lien Obligations and to Administrative Expenses with respect to Junior Subordinate Lien Obligations.

All Obligations and all Administrative Expenses shall constitute special obligations of DART, and, unless otherwise provided in a Supplemental Resolution, the same are secured solely by, a pledge of and a lien on (i) the Pledged Revenues, in the order and priority set forth above and (ii) by the pledge of and lien on the money on deposit in the Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund and the Junior Subordinate Lien Debt Service Fund, respectively, for the benefit of the Senior Lien Obligations, the Senior Subordinate Lien Obligations, and the Junior Subordinate Lien Obligations as described above, that is exclusive and that is senior and superior to the rights of all other creditors of DART.

Collection of Pledged Revenues, Assignment to Trustee *{Section 2.4}*

DART assigns to the Trustee all of the Pledged Revenues, in trust, for the benefit and security of Holders and the Credit Providers. DART appoints the Trustee as its agent and attorney-in-fact for the purpose of performing those duties of its treasurer which consist of collecting and receiving the Gross Sales Tax Revenues from the Comptroller and taking such steps as may be necessary to perfect and maintain the liens granted under the Master Debt Resolution. DART is required to cause the Comptroller to pay all Gross Sales Tax Revenues directly to the Trustee for deposit to the Gross Sales Tax Revenue Fund. If the Comptroller refuses or is not legally obligated to make transfers as directed by DART, DART is required to cause the Gross Sales Tax Revenues to be transferred to the Trustee as received. All Gross Sales Tax Revenues received by the Trustee are required to be deposited to the Gross Sales Tax Revenue Fund and applied in accordance with the Master Debt Resolution. A specific series of Bond Obligations may be additionally payable from or secured by Credit Agreements and any Supplemental Resolution may provide that the security provided thereby not extend to other series of Obligations.

Security Agreement *{Section 2.5}*

The Master Debt Resolution constitutes a security agreement with the Trustee as the secured party. The grants, assignments, liens, pledges and security interests of the Trustee created in the Master Debt Resolution shall become effective upon the delivery of Obligations under the Master Debt Resolution and shall be continuously effective for so long as any Obligations or Administrative Expenses are Outstanding.

PERMITTED DART INDEBTEDNESS

{*Article III*}

Additional Senior Lien Obligations *{Section 3.2}*

DART reserves the right to issue Additional Senior Lien Obligations on a parity with Outstanding Senior Lien Obligations, pursuant to one or more Supplemental Resolutions. Prior to the issuance of Additional Senior Lien Obligations, either (A) Gross Sales Tax Revenues must be estimated to be, for each of the three consecutive Fiscal Years beginning with the First Fiscal Year in which Debt Service with respect to the proposed Additional Senior Lien Obligations is due, equal to at least 200% of the Debt Service that will be due on Senior Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) during each of such 3 consecutive Fiscal Years after taking into consideration any additional Debt Service to be paid during such period with respect to the Additional Senior Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) then proposed to be issued and any reduction in Debt Service that may result from the issuance thereof, determined in accordance with the requirements of the Master Debt Resolution; or (B) for either the most recent complete Fiscal Year, or for any consecutive 12 of the most recent 18 months, the Gross Sales Tax Revenues must have been equal to at least 200% of the maximum Debt Service with respect to all Outstanding Senior Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) including maximum Debt Service on the proposed Additional Senior Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) then proposed to be issued, determined in accordance with the requirements of the Master Debt Resolution, provided however, this requirement does not apply to the issuance of Interim Obligations. In addition, estimated Gross Sales Tax Revenues for each of the 3 consecutive Fiscal Years beginning with the first Fiscal Year in which Debt Service on the proposed Additional Senior Lien

Obligations is due must equal at least (A) 100% (or such higher percentage required by a Supplemental Resolution) of the Debt Service on Senior Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) plus (B) 100% (or such higher percentage required by a Supplemental Resolution) of the Debt Service on Outstanding Subordinate Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations) during each of such 3 consecutive Fiscal Years, determined in accordance with the requirements of the Master Debt Resolution. The Debt Service required to be calculated for a particular series of Obligations shall be calculated net of amounts payable to DART from or by the State or the United States for, on account of, or in reimbursement for the payment of principal and interest on such Obligations, if such amounts are, at the time of calculation, required to be deposited to the debt service fund for such Obligations.

The Debt Service required to be calculated for a particular series of Obligations under subsections (iii) and (iv) of Section 3.2(b) of the Master Debt Resolution shall be calculated net of amounts payable to DART from or by the State or the United States for, on account of, or in reimbursement for the payment of principal and interest on such Obligations (the "Federal Interest Subsidiary" payments).

Senior Subordinate Lien Obligations *{Section 3.3}*

Subject to the limitations and requirements set forth in the Master Debt Resolution, DART reserves the right to issue additional Senior Subordinate Lien Obligations pursuant to one or more Supplemental Resolutions for any purpose permitted by Applicable Law secured by and payable from a senior subordinate pledge of the Pledged Revenues and, at the option of DART, a pledge of Special Revenues. Additional Senior Subordinate Lien Obligations may only be issued if estimated Gross Sales Tax Revenues for each of the three consecutive Fiscal Years beginning with the first Fiscal Year in which Debt Service is due on the proposed Senior Subordinate Lien Obligations, plus the amount of the Special Revenues, if any, that are projected to be available and pledged to the Senior Subordinate Lien Obligations, are equal to at least (A) 100% (or such higher percentage required by a Supplemental Resolution) of the Debt Service on Senior Subordinate Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations), plus (B) 100% of the Debt Service on all Outstanding Senior Lien Obligations and Junior Subordinate Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations), in each case during each of such three consecutive Fiscal Years, computed as required under the Master Debt Resolution.

Junior Subordinate Lien Obligations *{Section 3.4}*

Subject to the limitations and requirements set forth in the Master Debt Resolution, DART reserves the right to issue Junior Subordinate Lien Obligations pursuant to one or more Supplemental Resolutions for any purpose permitted by Applicable Law, payable from and secured by a junior subordinate pledge of the Pledged Revenues and, at the option of DART, a pledge of Special Revenues. Junior Subordinate Lien Obligations may only be issued if estimated Gross Sales Tax Revenues for each of 3 consecutive Fiscal Years beginning with the first Fiscal Year in which Debt Service is due on the proposed Junior Subordinate Lien Obligations, plus the amount of the Special Revenues, if any, that are projected to be available and pledged to the Junior Subordinate Lien Obligations, are equal to at least (A) 100% (or such higher percentage required by a Supplemental Resolution) of the Debt Service on Junior Subordinate Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations), plus (B) 100% of the Debt Service on all Outstanding Senior Lien Obligations and Senior Subordinate Lien Obligations (exclusive of amounts payable on Credit Agreement Obligations), in each case during each of such three consecutive Fiscal Years, computed as required under the Master Debt Resolution.

Credit Agreement Obligations *{Section 3.5}*

DART is authorized to enter into Credit Agreements, pursuant to Supplemental Resolutions, that create Credit Agreement Obligations that are secured and payable on a parity with other Outstanding Obligations. Credit Agreements may include rights and remedies which are in addition to the rights and remedies contained in the Master Debt Resolution and which may be enforced apart from the Master Debt Resolution.

Special Revenue Bonds *{Section 3.6}*

DART reserves the right to issue Special Revenue Obligations and to enter into related credit agreements without complying with the requirements of the Master Debt Resolution regarding the issuance of Obligations.

Other Encumbrances Prohibited *{Section 3.8}*

Except for the Pledge of the Pledged Revenues as security for the Obligations and Administrative Expenses in the order of priority established in Article II of the Master Debt Resolution, the Pledged Revenues may not be pledged or encumbered to or for the payment of any other obligation or liability of DART.

TERMS, PROVISIONS AND AUTHENTICATION OF BOND OBLIGATIONS
{Article IV}

Bond Obligations may be issued in any form and manner permitted by Applicable Law, subject to the provisions of the Master Debt Resolution and any applicable Supplemental Resolution. Bond Obligations are to be issued pursuant to a Supplemental Resolution setting forth all of the terms, provisions and conditions pertaining to such Bond Obligations.

SPECIAL FUNDS, USES OF MONEYS
{Article V}

Creation of Funds and Accounts *{Section 5.1}*

The Master Debt Resolution establishes the System Expansion and Acquisition Fund, the Senior Lien Debt Service Fund, consisting of an Interest Account and a Principal Installment Account; the Senior Subordinate Lien Debt Service Fund, consisting of an Interest Account and a Principal Installment Account; and the Junior Subordinate Lien Debt Service Fund, consisting of an Interest Account and a Principal Installment Account. The Master Debt Resolution reestablishes and reconfirms the Gross Sales Tax Revenue Fund and the General Operating Fund.

The Gross Sales Tax Revenue Fund is a special trust fund held by the Trustee for the benefit of the Holders of the Obligations and the payees of Administrative Expenses. The Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund and the Junior Lien Debt Service Fund are special trust funds held by the Trustee for the benefit of the Holders of the Senior Lien Obligations, the Senior Subordinate Lien Obligations and the Junior Subordinate Lien Obligations, respectively, and the payees of Administrative Expenses.

The System Expansion and Acquisition Fund, the General Operating Fund and all other funds or accounts of DART not expressly required by the Master Debt Resolution or by a Supplemental Resolution to be held by the Trustee, may be held in any bank or lawful depository and said funds and accounts and all moneys on deposit therein, including the Available Remaining Revenues, shall be free of any lien, pledge or trust created by the Master Debt Resolution.

System Expansion and Acquisition Fund *{Section 5.2}*

Money on deposit in the System Expansion and Acquisition Fund is to be used to pay Costs of Acquisition and Construction and will be funded as directed in Supplemental Resolutions. In the event of a default in the payment of Obligations the Board may, but is not required to, use moneys on deposit in the System Expansion and Acquisition Fund to cure such default. Amounts remaining after payment of Costs of Acquisition and Construction for which a series of Obligations was issued may, at the discretion of DART, be used to redeem such Obligations in advance of maturity or used to pay other Costs of Acquisition and Construction.

Gross Sales Tax Revenue Fund *{Section 5.3}*

The Trustee is required to deposit to the Gross Sales Tax Revenue Fund all Gross Sales Tax Revenues (and no other moneys) as received and, on the day received, to transfer all amounts deposited to the Gross Sales Tax Revenue Fund, first, to the Senior Lien Debt Service Fund (for the Debt Service Accrual Period that begins on the date of such deposit) and any reserve fund pertaining to Senior Lien Obligations, the amounts required to be deposited therein, and to pay Administrative Expenses pertaining to Senior Lien Obligations; second, to the Senior Subordinate Lien Debt Service Fund (for the Debt Service Accrual Period that begins on the date of such deposit) and any reserve fund pertaining to Senior Subordinate Lien Obligations, the amounts required to be deposited therein, and to pay Administrative Expenses pertaining to Senior Subordinate Lien Obligations; and, third, to the Junior Subordinate Lien Debt Service Fund (for the Debt Service Accrual Period that begins on the date of such deposit) and any reserve fund pertaining to Junior Subordinate Lien Obligations, the amounts required to be deposited therein, and to pay Administrative Expenses pertaining to Junior Subordinate Lien Obligations. The amounts required to be deposited to each of the Senior Lien Debt Service Fund, the

Senior Subordinate Lien Debt Service Fund and the Junior Subordinate Lien Debt Service Fund, respectively, is equal to the Accrued Aggregate Debt Service for the current Debt Service Accrual Period less any amounts required to be credited against the amounts transferred pursuant to Section 5.3(d) of the Master Debt Resolution, and are required to be allocated first to the respective Interest Account and then to the respective Principal Installment Account. If the amounts on deposit in the Gross Sales Tax Revenue Fund are not sufficient to make the full amount of a transfer or payment required to be made, the Trustee is required to transfer the amount to the fund or account where the deficiency occurs with the highest priority and is prohibited from making transfers to any fund or account with a lower priority. Any balance remaining in the Gross Sales Tax Revenue Fund after making the foregoing transfers and payments is to be deposited to the General Operating Fund.

The Trustee is required to notify each Paying Agent of the anticipated date of commencement of each Debt Service Accrual Period not less than 2 Business Days prior to the date the Trustee expects such Debt Service Accrual Period to begin. Each Paying Agent is required to certify to the Trustee the amount of Accrued Aggregate Debt Service for Obligations for the Debt Service Accrual Period specified by the Trustee which has not been paid from other sources.

Senior Lien Debt Service Fund, Senior Subordinate Lien Debt Service Fund and Junior Subordinate Lien Debt Service Fund *{Sections 5.4, 5.5 and 5.6}*

The Trustee is required to pay from the Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund and the Junior Subordinate Lien Debt Service Fund, respectively, to the respective Paying Agents and Credit Providers for Outstanding Senior Lien Obligations, Outstanding Senior Subordinate Lien Obligations and Outstanding Junior Subordinate Lien Obligations, respectively, the amounts required to pay Debt Service on such Obligations when due, whether at the stated maturity or prior redemption; provided, however, that if less than the total amount required to pay such Obligations is on deposit in the Senior Subordinate Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund or the Junior Subordinate Lien Debt Service Fund, respectively, Trustee is required to allocate to each Paying Agent and each Credit Provider, in order of priority, pro rata in proportion to the respective unpaid amounts.

If an Event of Default has occurred and is continuing, moneys in such funds are required to be applied as provided in Section 7.4 of the Master Debt Resolution.

General Provisions Applicable to Payments on Obligations *{Section 5.7}*

If a payment date is not a Business Day, then such payment date will be deemed to be the next succeeding Business Day of the Trustee or Paying Agent, as the case may be, and no interest will accrue between the stated day and the applicable succeeding Business Day.

Uses of General Operating Fund and of Available Remaining Revenues *{Section 5.8}*

Gross Sales Tax Revenues deposited in the General Operating Fund may be transferred to other funds and accounts of DART, free and clear of the lien of the Master Debt Resolution, and may be used for any purpose permitted or required by Applicable Law. In addition to contractual and other obligations incurred in the ordinary course of its business, DART may incur obligations payable from or secured by the Available Remaining Revenues.

Investment of Trust Funds and Accounts *{Section 5.9}*

Amounts in funds and accounts held by the Trustee may, to the extent permitted by Applicable Law, be invested in Investment Securities upon written instructions of DART. Investment Securities must mature in such amounts and at such times as is necessary to provide for timely payment from such fund or account. Investment Securities may be exchanged among funds and accounts, if required to meet payment obligations, and the Trustee may cause the liquidation prior to their maturities of Investment Securities; the Trustee is not to be liable for any resulting loss or penalty. Generally, Investment Securities and the earnings or losses thereon are part of the fund or account from which they were purchased except that transfers of earnings may be made in order to avoid investment in any manner that would cause any of the Obligations intended to be tax-exempt to be or become "arbitrage bonds" within the meaning of the Code. Investments are required to be valued at least annually at the lower of original cost or the then market value thereof.

Effect of Deposits with Paying Agents *{Section 5.10}*

Upon the deposit with the applicable Paying Agent of moneys sufficient to pay the amounts due on Obligations, DART is released from further obligation with respect to the payment of such amounts or interest thereon and such

Obligations will no longer be Outstanding. Moneys deposited with Paying Agents are held uninvested in trust for the benefit of the Holders or payees of such Obligations. Unclaimed moneys are required to be distributed in accordance with any applicable escheat laws.

Arbitrage *{Section 5.11}*

DART covenants that it will take no action or fail to take any action which would cause any Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of the Code.

Deposits of Special Revenues *{Section 5.12}*

Special Revenues may be deposited to such funds and accounts of DART as may be required by Applicable Law, grant condition or contract, or as directed in the documents and agreements authorizing or relating to the issuance of Special Revenue Bonds or to Subordinate Lien Obligations if Special Revenues are pledged to the payment thereof.

GENERAL COVENANTS AND REPRESENTATIONS

{Article VI}

Representations as to Pledged Revenues *{Section 6.1}*

DART represents and warrants that it is authorized to issue the Obligations, to adopt the Master Debt Resolution and to pledge the Pledged Revenues as provided in the Master Debt Resolution, and that the Pledged Revenues are and will remain free and clear of any pledge, lien, charge or encumbrance except as expressly permitted by Article II of the Master Debt Resolution. The Obligations and provisions of the Master Debt Resolution are valid and legally enforceable obligations of DART in accordance with their terms, subject only to any applicable bankruptcy or insolvency laws or to any Applicable Law affecting creditors' rights generally. DART and the Trustee will defend, preserve and protect the pledge of the Pledged Revenues and all of the rights of the Holders against all claims and will take appropriate steps for the collection of delinquencies in the collection of the Sales Tax.

Accounts, Periodic Reports and Certificates *{Section 6.2}*

DART covenants to keep proper books of record and account relating to the System and the funds and accounts established by the Master Debt Resolution which will be subject to inspection by Holders of not less than 5% in principal amount of Bond Obligations, each Bondholder Representative and each Credit Provider. DART will provide annually, within 180 days after the close of each fiscal year, to any requesting Holder of at least 25% of a single series of Outstanding Obligations, a copy of an annual report containing certain financial information for the fiscal year just ended and the preceding fiscal year.

DART will notify the Trustee and each Credit Provider immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event that, with the giving of notice or passage of time or both, could become an Event of Default, or of the failure of DART to observe any of its undertakings under the Master Debt Resolution or under any Supplemental Resolution or Credit Agreement.

Withdrawals of Units of Election *{Section 6.4}*

If any "unit of election," as defined in the Act, having once become a part of DART, withdraws from DART, the Board will take all lawful steps necessary to assure that all amounts due and owing on all Obligations allocated to such unit of election will continue to be collected from within the withdrawing unit of election until such amounts are paid in full. Gross Sales Tax Revenues collected from within a withdrawn unit of election is required to be set aside by the Trustee in a special trust account and to be expended in such a manner as will permit the continued, timely payment when due of all amounts payable on Outstanding Obligations.

DEFAULTS AND REMEDIES
{Article VII}

***Events of Default** {Section 7.1}*

Each of the following occurrences or events constitutes an "Event of Default" under the Master Debt Resolution:

(i) failure to timely pay any Debt Service on Bond Obligations;

(ii) failure to timely pay any Credit Agreement Obligations;

(iii) default by DART in the performance of any of the covenants, conditions, agreements and provisions contained in the Obligations or in any of the Outstanding Resolutions, the failure of which materially and adversely affects the rights of the Holders, and the continuation thereof for a period of 30 days after written notice of such default;

(iv) issuing of an order by the Bankruptcy Court or a United States District Court or other court having jurisdiction, granting DART, in an involuntary proceeding, any relief under any applicable law relating to bankruptcy or providing for the appointment of a receiver or other similar official for DART or any substantial part of its property, affairs or assets, and the continuance of any such order unstayed and in effect for a period of 90 consecutive days; or

(v) DART institutes or consents to the institution of insolvency or bankruptcy proceedings against it under any federal or state insolvency laws, or files or consents to the filing of any petition, application or complaint seeking the appointment of a receiver or other similar official for DART or of any substantial part of its property, affairs or assets.

***Remedies for Default** {Section 7.2}*

Upon the happening and continuance of any of the Events of Default the Trustee is required to transfer future Gross Sales Tax Revenues in the order and priority set forth in Section 5.3(a) of the Master Debt Resolution as described above under *"SPECIAL FUNDS, USES OF MONEY—Gross Sales Tax Revenue Fund."* Subject to certain restrictions on Holder's actions set forth in Section 7.3 of the Master Debt Resolution, a Credit Provider, a Bondholder Representative and/or a trustee representing not less than 25% in principal amount of Outstanding Bond Obligations, may proceed against DART to protect and enforce the rights of the Holders. No Holder has the right to seek appointment of a receiver or administrator of the affairs and assets of DART. There is no right to accelerate the maturity of any Obligation under the Master Debt Resolution.

Thirty days after a default is cured DART will be restored to its former position under the Master Debt Resolution and any proceedings are required to be abandoned or dismissed.

***Application of Revenues and Other Moneys After Default** {Section 7.4}*

During the continuance of an Event of Default, the Trustee shall apply all amounts on deposit in the Senior Lien Debt Service Fund, the Senior Subordinate Lien Debt Service Fund, and the Junior Subordinate Lien Debt Service Fund at the time of the default or deposited to such funds after the default, respectively, as follows: (i) to the payment of Administrative Expenses with respect to the Senior Lien Obligations, the Senior Subordinate Lien Obligations, or the Junior Subordinate Lien Obligations, respectively, as applicable; and (ii) to the payment of Debt Service due on the Obligations, based on the foregoing priority and in the following order:

- Unless the principal of all applicable Outstanding Obligations is due, first, to the payment to the payment of interest then due in the order of maturity of such interest installments, and, if the amount available is not sufficient to pay all interest amounts then due, then to the payment of interest ratably, according to the amounts due on such installment, without any discrimination or preference; and second, to the payment of principal or redemption price then due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available is not sufficient to pay all of the applicable Obligations due on any date, then to the payment of principal or redemption price ratably, according to the amounts of principal due, without any discrimination or preference.

- If the principal of all of the applicable Outstanding Obligations is due, to the payment of the principal and interest then due and unpaid upon such Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference.

Notice of Event of Default *{Section 7.6}*

The Trustee shall promptly give each Holder, by first class mail, notice of each Event of Default of which it has knowledge, unless such Event of Default has been remedied or cured before the giving of such notice, except in the case of an Event of Default specified in paragraph (i) or (ii) of "Events of Default" above, the Trustee may withhold such notice if it determines that the withholding of such notice is in the best interests of the Holders.

THE TRUSTEE

{*Article VIII*}

Zions Bancorporation, National Association Amegy Bank Division, Houston, Texas, is appointed as the Trustee under the Master Debt Resolution. The duties, rights and responsibilities of the Trustee, appointment of successor and co-trustees, and matters pertaining to the administration of the trust created in the Master Debt Resolution, are set forth in Article VIII.

AMENDMENTS TO RESOLUTION

{*Article IX*}

Supplemental Resolution Without Holders' Consent *{Section 9.2}*

Subject to any limitations contained in a Supplemental Resolution or a Credit Agreement, DART may adopt Supplemental Resolutions without the consent of Holders of Obligations for the following purposes: (i) to cure any formal defect, omission or ambiguity in the Master Debt Resolution; (ii) to grant to the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security; (iii) to add covenants and agreements of DART; (iv) to add limitations and restrictions to be observed by DART; (v) to confirm any pledge or lien of the Pledged Revenues or to subject to the lien or pledge of the Master Debt Resolution additional revenues, properties or collateral; (vi) to authorize the issuance and prescribe the terms of the Initial Senior Lien Obligations, Additional Senior Lien Obligations, Subordinate Lien Obligations, and Special Revenue Bonds, and to create such additional funds and accounts as may be necessary in connection with the issuance of such Obligations; (vii) to make modifications in the Master Debt Resolution or in a Supplemental Resolution that are necessary to comply with the requirements of federal tax or securities law or other Applicable Law and that do not materially adversely affect the rights and security of the Holders to be paid in full when due; or (viii) to make any other change to the Master Debt Resolution or any Supplemental Resolution that does not materially adversely affect the right of the Holders to be paid the full amounts due and payable on the Obligations when due.

Powers of Amendment *{Section 9.3}*

The Master Debt Resolution or any Supplemental Resolution and the rights and obligations of DART and of the Holders may be amended pursuant to a Supplemental Resolution with the written consent (i) of the Holders of a Required Percentage of Bond Obligations, or (ii) if less than all of the series of Obligations then Outstanding are affected by such amendment, of the Holders of a Required Percentage of the Bond Obligations so affected; provided, however, no amendment shall permit a change in the terms of payment of principal or redemption price of or interest of any Outstanding Bond Obligation without the consent of the Holder of such Obligation; and provided further that no such amendment may be made without the consent of such Credit Providers having the right of such consent.

Consent of Holders, Credit Providers or Bondholder Representatives *{Section 9.4}*

A Supplemental Resolution making amendments permitted by the Master Debt Resolution may take effect upon receipt of the required consents of the applicable Holders in accordance with the terms and provisions of the Master Debt Resolution. Any consent will be binding upon the Holder giving such consent and upon any subsequent Holder thereof unless such consent is revoked. DART will give notice of the effective date of any such Supplemental Resolution to the affected Holders. Unless such right is limited by a Supplemental Resolution, DART reserves the right to amend the Master Debt Resolution without the consent of or notice to the Holders of Bond Obligations if such amendment is approved by each

Credit Provider and Bondholder Representative which is granted the right to give such consent by a Supplemental Resolution.

DISCHARGE OF RESOLUTION
{*Article X*}

Discharge by Payment *{Section 10.1}*

The pledge and lien of the Outstanding Resolutions will be released when all Bond Obligations, Credit Agreement Obligations, and Administrative Expenses have been paid or provided for.

Discharge by Defeasance *{Section 10.2}*

DART may discharge its obligations to pay Debt Service on all or any portion of the Obligations and related Administrative Expenses, and thereby obtain a release of the pledge and lien of the Master Debt Resolution and any applicable Supplemental Resolution as to such Obligations, by depositing irrevocably with a trustee or escrow agent moneys which, together with earnings thereon from investment in "Government Securities," as verified by a nationally recognized firm of independent certified public accountants or accounting firm, will be sufficient to pay such amounts on such Obligations to maturity or prior redemption, in all cases in accordance with the terms and provisions set forth in the Master Debt Resolution.

MISCELLANEOUS PROVISIONS
{*Article XI*}

Secondary Market Disclosure, Annual Reports *{Section 11.1}*

DART will provide such financial information and operating data necessary to comply with SEC Rule 15c2-12 relating to secondary market reporting requirements.

Meeting of Holders of Bond Obligations *{Section 11.4}*

Meetings of Holders of Bond Obligations may be called in the manner provided in the Master Debt Resolution to give any notice to DART or to the Trustee, to waive or consent to the waiving of any Event of Default, to remove or appoint a successor Trustee, to consent to the execution of a Supplemental Resolution or to take any other action authorized to be taken by or on behalf of the Holders of Bond Obligations.

Appointment of Bondholder Representative *{Section 11.8}*

Each Supplemental Resolution may designate a Bondholder Representative or establish for the means by which Holders of a series of Bond Obligations may appoint a Bondholder Representative.

APPENDIX A2

Pledged Farebox Revenues Schedule

2011	$14,941,000
2012	$22,986,000
2013	$22,986,000
2014	$22,986,000
2015	$22,986,000
2016	$22,986,000
2017	$22,986,000
2018	$22,986,000
2019	$22,986,000
2020	$22,986,000
2021	$22,986,000
2022	$22,986,000
2023	$22,986,000
2024	$22,986,000
2025	$22,986,000
2026	$22,986,000
2027	$22,986,000
2028	$22,986,000
2029	$22,986,000
2030	$22,986,000
2031	$22,986,000
2032	$22,986,000
2033	$22,966,000
2034	$22,986,000
2035	$22,986,000
2036	$22,986,000
2037	$22,986,000
2038	$71,439,000
2039	$71,433,000
2040	$71,429,000
2041	$71,420,000
2042	$71,409,000
2043	$71,404,000
2044	$71,394,000
2045	$71,383,000
2046	$71,375,000
2047	$71,368,000
2048	$71,359,000
2049	$71,350,000
2050	$71,350,000
2051	$71,350,000
2052	$71,350,000
2053	$71,350,000
2054	$71,350,000
2055	$71,350,000
2056	$71,350,000
2057	$71,350,000
2058	$71,350,000

Note: The Pledged Farebox Revenues Schedule will be applicable so long as there are outstanding Obligations.

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APPENDIX B

DALLAS AREA RAPID TRANSIT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 AND
INDEPENDENT AUDITOR'S REPORT

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Dallas Area Rapid Transit
Dallas, Texas

Financial Statements and Supplemental Information
Years Ended September 30, 2020 and 2019 and
Independent Auditor's Report

DALLAS AREA RAPID TRANSIT
DALLAS, TEXAS
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Dallas Area Rapid Transit
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Dallas Area Rapid Transit ("DART"), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise DART'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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 DART'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 DART'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 DART, as of September 30, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Net Pension Liability, the Schedule of Employer Contributions – Defined Benefit Pension Plan, Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Schedule of Employer Contributions – OPEB as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2021 on our consideration of DART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DART's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DART's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
February 5, 2021

The management of Dallas Area Rapid Transit (DART) offers the users of DART's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2020 and 2019. This discussion and analysis is designed to assist the reader to focus on significant financial activities and identify any significant changes in the financial position of DART. It should be read in conjunction with the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

As of September 30, 2020 and 2019, total assets and deferred outflows of resources of DART exceeded total liabilities by $1,340,980 and $1,202,501, respectively. The amount of unrestricted net position as of September 30, 2020, was $466,826 compared to $343,465 as of September 30, 2019.

The net position of DART increased by $138,479 during fiscal year 2020 compared to a decrease of $101,877 last year. The increase in 2020 was a result of higher revenues than expenses while the decrease in 2019 was a result of higher expenses than revenues.

DART's total debt decreased by $67,618 (2%) during fiscal year 2020 compared to a decrease of $71,715 (2%) in fiscal year 2019. The decline in 2020 was due to principal pay down of commercial paper notes. The decline in 2019 was due to principal payments on bonds. Debt information is summarized on page 12 of this management discussion and analysis.

Sales and use tax revenue was $616,220 in 2020 compared to $621,129 in 2019. Sales and use tax revenue decreased by 1% ($4,909) in 2020 compared to a 4% ($24,729) increase in 2019.

Capital contributions from federal, state and local governments were $119,259 in 2020 and $82,025 in 2019. Such contributions were used to finance DART's transit system expansion projects and acquisition of light rail vehicles, buses, and equipment.

Other federal grants were $294,136 in 2020 compared to $54,932 in 2019. The increase in 2020 was due to an additional assistance provided by the federal government in the form of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 in response to the COVID-19 pandemic.

For fiscal year 2020, total revenues exceeded total expenses resulting in a gain before capital contributions of $19,220 compared to a loss of $183,902 for 2019. The gain in 2020 was due to an increase in other federal grant revenue as shown on page 5.

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to DART's basic financial statements. DART's basic financial statements are comprised of four components: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements.

The Statements of Net Position present information on all of DART's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources equals net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of DART. The Statements of Net Position are shown on page 14 of this report.

The Statements of Revenues, Expenses, and Changes in Net Position present information on revenues, expenses, capital contributions, and how DART's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenues, expenses, and capital contributions are reported in the statements for some items that result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of DART's current year operations on its financial position. The Statements of Revenues, Expenses, and Changes in Net Position are shown on page 15 of this report.

The Statements of Cash Flows summarize all of DART's cash flows into four categories: cash flows from operating activities; cash flows from non-capital financing activities; cash flows from investing activities; and cash flows from capital and related financing activities. The Statements of Cash Flows, along with related notes and information in other financial statements, can be used to assess the following: DART's ability to generate positive cash flows and pay its debt as the debt matures; the reasons for differences between DART's operating cash flows and operating income (loss); and the effect of cash and non-cash investing, capital, and financing activities on DART's financial position. The Statements of Cash Flows are shown on pages 16-17 of this report.

Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Notes to the Financial Statements are shown on pages 18-49 of this report.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

DART's activities are accounted for as a proprietary fund and are presented in the financial statements of DART as business type activities. The activities of DART are supported by a 1% sales and use tax within the member jurisdictions, passenger revenues, federal, state, and local financial assistance, and other receipts such as advertising and rental income.

The financial statements of DART include the accounts and operations of blended component units Regional Rail Right-of-Way Corporation and Dallas Area Rapid Transit Mobility Service, LGC.

FINANCIAL ANALYSIS

Statements of Net Position – DART's total assets and deferred outflows of resources exceeded total liabilities by $1,340,980 and $1,202,501 as of September 30, 2020 and 2019, respectively. The largest portion of this excess (59% in 2020 and 65% in 2019) was net investment in capital assets (capital assets less related outstanding debt). DART uses these capital assets to provide public transportation services to customers and member jurisdictions; consequently, these assets are not available for future spending. Although DART's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be obtained from other sources such as sales and use tax and farebox revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Summary of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	2020	2019	2018
Current assets	$841,716	$734,622	$840,148
Other non-current assets	183,246	191,971	125,472
Capital assets (net of accumulated depreciation)	4,171,958	4,189,759	4,237,296
Total assets	5,196,920	5,116,352	5,202,916
Deferred outflows of resources	92,195	80,679	89,210
Total assets and deferred outflows of resources	5,289,115	5,197,031	5,292,126
Current liabilities	414,423	496,041	426,580
Non-current liabilities	3,514,503	3,482,861	3,556,505
Total liabilities	3,928,926	3,978,902	3,983,085
Deferred inflows of resources	19,209	15,628	4,663
Total liabilities and deferred inflows of resources	3,948,135	3,994,530	3,987,748
Net position			
Net investment in capital assets	796,675	784,924	764,341
Restricted for:			
Debt service	72,863	68,370	59,026
Security for lease/leaseback liabilities	4,616	5,742	6,796
Unrestricted	466,826	343,465	474,215
Total net position	$1,340,980	$1,202,501	$1,304,378

Current assets increased by $107,094 in 2020 compared to a decrease of $105,526 in 2019. The increase in 2020 were due to additional grants received compared to the year before. The decrease in 2019 was due to use of cash for debt service payments and more spending on capital projects than the prior year.

Other non-current assets decreased by $8,725 in 2020 compared to an increase of $66,499 in 2019. The decrease in 2020 is due to spending on capital projects. The increase in 2019 is due to restricted investments (proceeds from the sale of commercial paper notes payable) held to pay for capital projects.

As of September 30, 2020, $4,616 of DART's net position is restricted to satisfy the requirements of an amended lease/leaseback agreement compared to $5,742 as of September 30, 2019. The unrestricted portion of net position, $466,826 in 2020 and $343,465 in 2019 represent resources available to meet DART's ongoing obligations. The DART Board committed $89,962 in 2020 and $87,919 in 2019 of the unrestricted net position for Insurance, Financial Reserve, and Mobility Assistance and Innovation funds (see note 3). The increase in unrestricted net position of $123,361 (36%) in 2020 was due to a net gain offset by spending on capital projects and the decrease of $130,750 (28%) in 2019 was due to net losses and increase spending on capital projects.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Statements of Revenues, Expenses, and Changes in Net Position – During fiscal year 2020, DART's activities resulted in an increase in net position of $138,479 compared to a decrease in net position of $101,877 in 2019. The increase in 2020 was due to additional grant revenues. The decrease during 2019 was due to higher expenses than revenues. The key elements of the changes in net position for the fiscal years ended September 30, 2020 and 2019 with comparative information for 2018 are shown in the following table.

Summary of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
Operating revenues			
Passenger revenues	$42,119	$63,941	$62,845
Advertising, rent and other	13,023	13,532	13,241
Total operating revenues	55,142	77,473	76,086
Operating expenses			
Labor	268,436	259,186	249,894
Benefits	108,341	118,592	98,581
Services	55,943	53,282	48,331
Materials and supplies	55,753	51,017	47,531
Purchased transportation	57,079	58,537	55,978
Depreciation	249,778	248,064	250,210
Utilities	16,717	16,619	19,673
Taxes, leases, and other	3,492	6,679	4,029
Casualty and liability	6,266	7,156	4,925
Total operating expenses	821,805	819,132	779,152
Net Operating loss	(766,663)	(741,659)	(703,066)
Non-operating revenues (expenses)			
Sales and use tax revenue	616,220	621,129	596,400
Investment income	15,479	23,482	14,810
Build America Bonds tax credit	21,390	25,021	28,443
Other federal grants	294,136	54,932	69,445
Other non-operating revenues	15,156	15,463	19,375
Interest expense	(151,317)	(157,452)	(162,568)
Gain (loss) on HOV lane investments	-	-	(11,100)
Street improvements	(14,566)	(11,301)	(3,644)
Other non-operating expenses	(10,615)	(13,517)	(1,969)
Total net non-operating revenues	785,883	557,757	549,192
Gain (loss) before capital contributions and grants	19,220	(183,902)	(153,874)
Capital contributions	119,259	82,025	24,251
Change in net position	138,479	(101,877)	(129,623)
Net position, beginning of the year	1,202,501	1,304,378	1,445,038
Cumulative effect of change in accounting principle	-	-	(11,037)
Net position, end of the year	$1,340,980	$1,202,501	$1,304,378

Significant changes in revenues and expenses are shown and explained on the following pages.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

REVENUES

The following table summarizes revenues for fiscal years 2020 and 2019 with comparative information for 2018:

REVENUES AND CAPITAL CONTRIBUTIONS

Revenues	2020	2019	2018
Passenger revenues	$42,119	$63,941	$62,845
Advertising, rent and other	13,023	13,532	13,241
Sales and use tax revenue	616,220	621,129	596,400
Other federal grants	294,136	54,932	69,445
Investment income	15,479	23,482	14,810
Capital contributions	119,259	82,025	24,251
Build America Bonds tax credit	21,390	25,021	28,443
Other revenues	15,156	15,463	19,375
Total	$1,136,782	$899,525	$828,810

Passenger revenue – Passenger revenue includes farebox receipts, monthly and annual pass revenue, paratransit revenue, and special event fares. Passenger revenue decreased by $21,822 (34%) in 2020 compared to an increase of $1,096 (2%) in 2019. The decrease in 2020 was due to a decrease in ridership as a result of the COVID-19 pandemic. The increase in 2019 is due to fare increases that became effective in during fiscal year 2019.

Advertising, rent, and other – Advertising income includes revenue from advertisement at transit stations, on DART buses, and light rail vehicles. Rental income includes revenue from leases on land along the rail corridor and other properties. Advertising, rent, and other income decreased by 4% ($509) in 2020 compared to an increase of 2% ($291) in 2019. In 2020 the decrease in revenue is due to a decline in advertising market as a result of the COVID-19 pandemic. The increase during 2019 is due to an increase in advertising revenue and marketing promotions.

Sales and use tax revenue – Sales and use tax revenue is a dedicated 1% tax imposed on certain items within DART's member jurisdictions or service area. Sales and use tax revenue decreased by 1% ($4,909) in 2020 compared to an increase of 4% ($24,729) in 2019. The decrease in 2020 was due to a slowdown in the economy as a result of the COVID-19 pandemic. The increase in 2019 was due to a relative improvement in the local economy resulting in better than previous years' retail sales. Sales and use tax revenue constituted approximately 54% of DART's total revenues and capital contributions in 2020 compared to 69% in 2019.

Other federal grants – Other federal grant revenue increased by 435% ($239,204) in 2020 compared to a decrease of 21% ($14,513) in 2019. The increase in 2020 was due to an additional assistance provided by the federal government in the form of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 in response to the COVID-19 pandemic. The decrease in 2019 is due to a delay in approval of grant agreements.

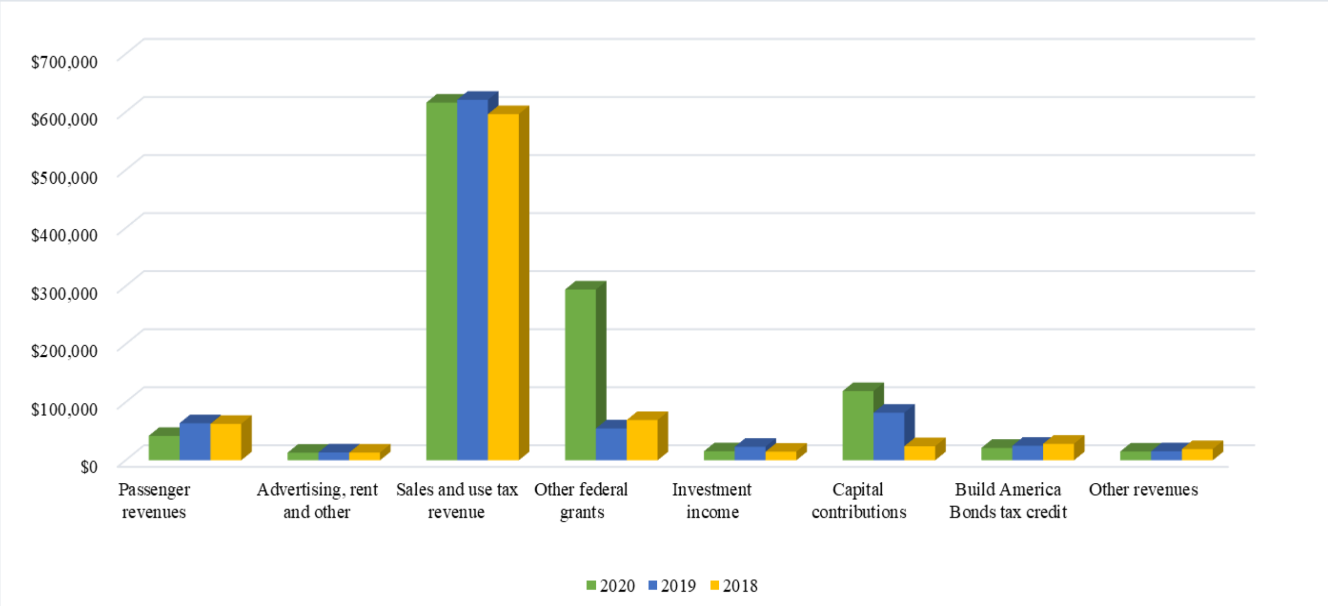
Capital contributions – Capital contributions include federal, state and local grants and contributions. Capital contributions increased by 45% ($37,234) in 2020 compared to an increase of 238% ($57,774) in 2019. The increase in 2020 and 2019 were due to receipt of previously delayed federal funding and federally funded projects that are moving forward.

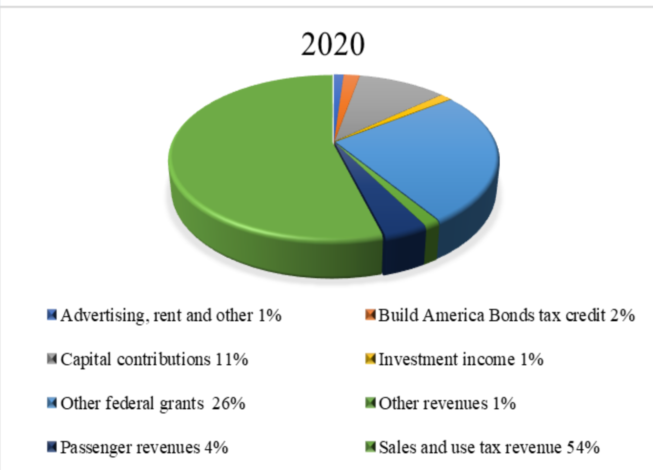
Investment income – Investment income decreased by 34% ($8,003) in 2020 compared to an increase of 59% ($8,672) in 2019. The decrease in 2020 was due to a decrease in the average yield to maturity compared to the prior year. The increase in 2019 was due to an increase in interest rate that resulted in better yield on investments held by DART during the year.

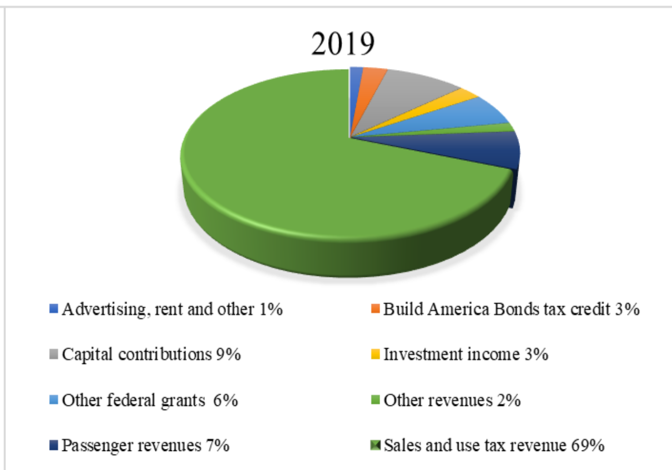
Build America Bonds tax credit – The Build America Bonds (BABs) tax credit decreased by 15% ($3,631) in 2020 compared to a decrease of 12% ($3,422) in 2019. The decrease in both 2020 and 2019 was due to partial refunding of the Series 2009B BABs.

Other revenues – Other revenues decreased by 2% ($307) in 2020 compared to a decrease of 20% ($3,912) in 2019. Other revenues include: revenues from billings to Trinity Metro transit agency for their share of the Trinity Railway Express (TRE) commuter rail service; billings to the University of Texas at Dallas (UTD) for their share of the UTD shuttle service; gain/loss on disposal of assets and an alternative fuel tax credit. Other revenues decreased during 2020 due to lower gain on disposal of assets compared to the prior year. The decrease during 2019 was due to discontinuation of the alternative fuel tax credit offered by the federal government.

The following charts summarize revenues for fiscal years 2018 through 2020:







FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

EXPENSES

The following table summarizes expenses for fiscal year 2020 and 2019 with comparative information for 2018:

EXPENSES BY OBJECT CLASS

Expenses	2020	2019	2018
Labor	$268,436	$259,186	$249,894
Benefits	108,341	118,592	98,581
Services	55,943	53,282	48,331
Materials and supplies	55,753	51,017	47,531
Purchased transportation	57,079	58,537	55,978
Depreciation and amortization	249,778	248,064	250,210
Utilities	16,717	16,619	19,673
Taxes, leases and other	3,492	6,679	4,029
Casualty and liability	6,266	7,156	4,925
Street improvements	14,566	11,301	3,644
Interest and financing expenses	151,317	157,452	162,568
Other non-operating expense	10,615	13,517	1,969
Loss on HOV lane investments	-	-	11,100
Total	$998,303	$1,001,402	$958,433

Labor – Labor expense increased by 4% ($9,250) in 2020 compared to an increase of 4% ($9,292) in 2019. The increases in both 2020 and 2019 were due to annual merit and wage increases, and filling of vacant positions. During 2020, in response to the COVID-19 pandemic and expected negative impact on the economy, DART offered a voluntary retirement incentive program to eligible employees to reduce operating expenses. The increase in labor expense during 2020 includes some costs associated with retirement incentives for employees that accepted the offer before the end of fiscal year 2020.

Benefits – Benefits decreased by 9% ($10,251) in 2020 compared to an increase of 20% ($20,011) in 2019. The decrease in 2020 was due to lower defined benefit pension, healthcare, and other post-employment benefit costs compared to the year before. The increase in 2019 was due to increases in the defined benefit pension expense and healthcare claims. The increase in the DART Defined Benefit Pension Plan expense was as a result of a change in the mortality table used for actuarial valuations resulting in an assumption of longer lives for retirees

Services – Services include contracted services such as: security, vehicles, equipment and right-of-way maintenance, advertising, marketing, computing, communication, legal, government, and environmental services. Services increased by 5% ($2,661) in 2020 compared to an increase of 10% ($4,951) in 2019. The increase in 2020 was due to increased vehicle and facility cleaning and disinfecting services to protect DART customers and employees from COVID-19. The increase in 2019 was due to continued focus on safety and security, and increases in software licenses/maintenance, cloud and managed computing services, as well as TRE right-of-way maintenance.

Materials and supplies – Materials and supplies include the cost of fuel, parts, and supplies used to operate and maintain vehicles, equipment, and facilities. Materials and supplies expense increased by 9% ($4,736) in 2020 compared to an increase of 7% ($3,486) in 2019. The increase in 2020 was due to the cost of disinfectant products and cleaning supplies needed for vehicles and facilities to protect DART customers and employees from COVID-19. The increase in 2019 was attributable to increased consumption of CNG fuel and parts needed to maintain aging buses and light rail vehicles.

Purchased transportation – Purchased transportation represents the costs of contracted transportation services such as commuter rail, paratransit, DART on-call, and shuttle services. Purchased transportation expenses decreased by 2% ($1,458) in 2020 compared to an increase of 5% ($2,559) in 2019. The decrease in 2020 was due to a decline in demand for shuttle and paratransit services as a result of the COVID-19 pandemic and related stay home orders. The increase in 2019 was due to an increase in Go-Link and paratransit services.

Depreciation and amortization – Depreciation and amortization expenses increased by 1% ($1,714) in 2020 compared to a decrease of 1% ($2,146) in 2019. The increase in 2020 was due to additional assets placed in service. The decrease in 2019 was due to some assets that became fully depreciated.

Utilities – Utilities represent the cost of electricity, telecommunications, water, sewer, and natural gas. Utilities increased by 1% ($98) in 2020 compared to an increase of 16% ($3,054) in 2019. The slight increase in 2020 is due to rate increase for local telephone calls/lines. The decrease in 2019 is due to savings from a new electricity contract.

Taxes, leases, and other – Taxes, leases, and other includes fuel and lube taxes, equipment rentals, leases of operating and passenger facilities, training, travel, business meetings, membership dues, subscriptions, employee programs and allowance for uncollectible receivables. Taxes, leases, and other expenses decreased by 48% ($3,187) in 2020 compared to an increase of 66% ($2,650) in 2019. The decrease in 2020 was due to a decrease in employee programs, less business travel, meetings and training due to the COVID-19 pandemic. Some of the increases in 2019 were due to training related to the new buses, and costs associated with implementation of a new accounting rule related to retiree benefits or OPEB plans. The new rule requires State and Local governments to recognize net OPEB liability and expense on their financial statements.

Casualty and liability – Casualty and liability expenses decreased by 12% ($890) in 2020 and increased by 45% ($2,231) in 2019. The decrease in 2020 was due to favorable claim experience compared to last year. The increase in 2019 was due to changes in estimated claim losses.

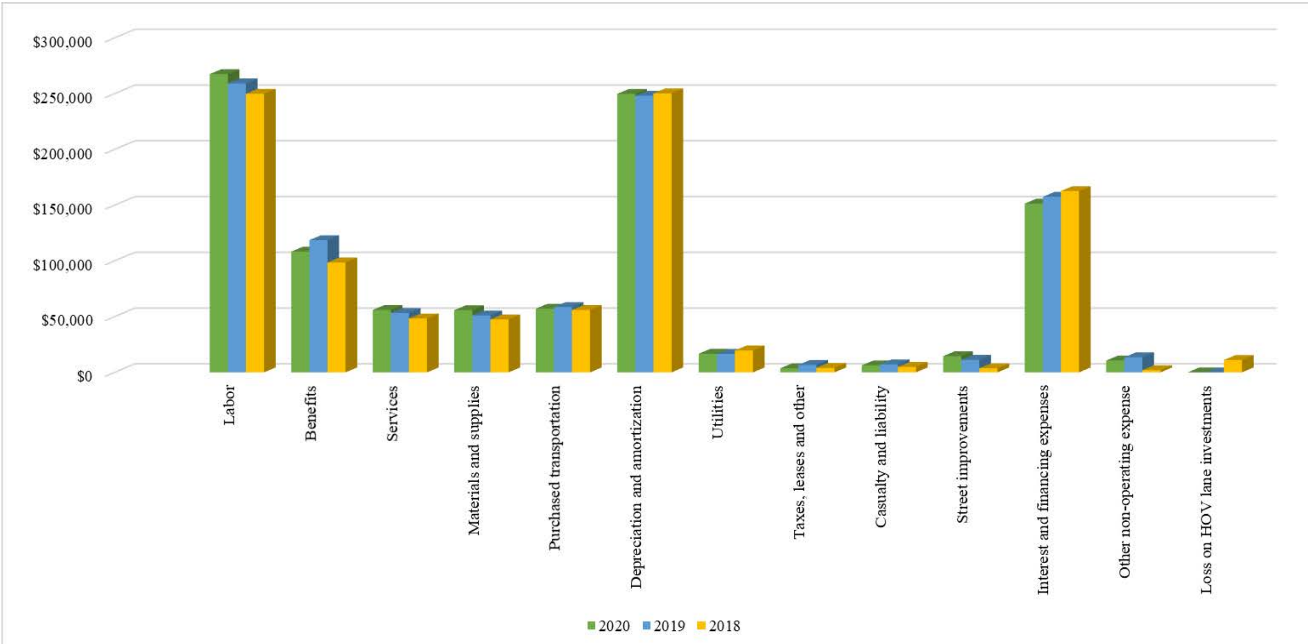
Street improvements – Local assistance is provided to eligible member jurisdictions in the form of technical and financial assistance to reduce traffic congestion and complement bus and public transit operations. Street improvement program costs increased by 29% ($3,265) in 2020 compared to an increase of 210% ($7,657) in 2019. The increase in both 2020 and 2019 were due to street improvement project costs and transit related improvements program (TRIP) project costs for DART municipalities that do not have existing or planned and funded rail stations.

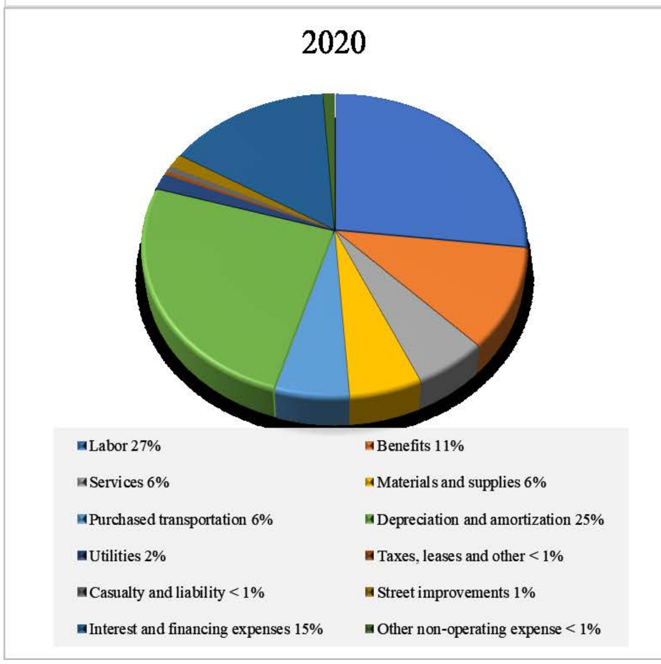
Interest and financing expenses – Interest expense decreased by 4% ($6,135) in 2020 and 3% ($5,116) in 2019. The decreases in both 2020 and 2019 were due to lower outstanding debt because of principal payments. Refunding of some of the existing bonds to lower interest rate bonds during 2020 and 2019 also resulted in savings in interest expense.

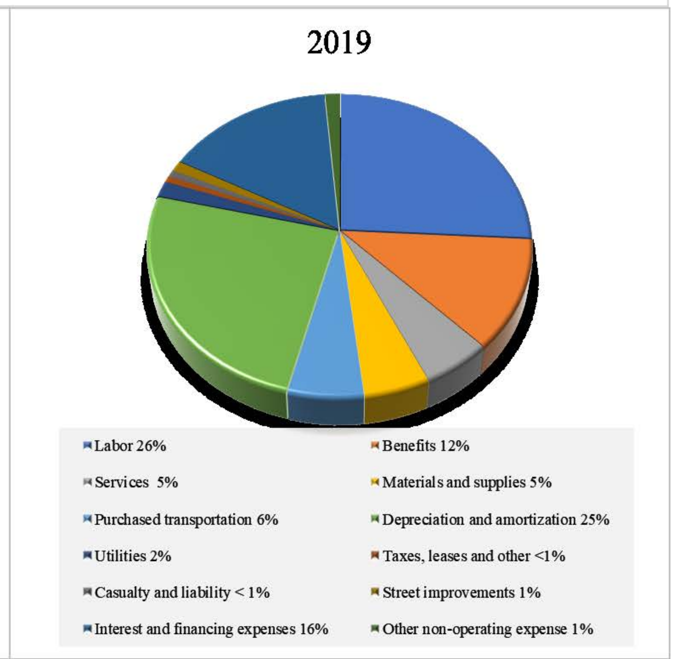
Other non-operating expenses – Other non-operating expenses decreased by 21% ($2,902) in 2020 compared to an increase of 586% ($11,548) in 2019. The decrease in 2020 was due to lower spending on transit-oriented development and transit planning work. The increase in 2019 was due to a payment made to the North Central Texas Council of Governments for the transit improvement program. Transit planning costs also contributed to the 2019 increase.

Loss on HOV lane investments –In 2018, an independent financial analysis determined the likelihood that DART would be able to recognize any return on HOV lane investments was unlikely. Since the value of those investments was based on projected toll revenue streams, DART's investment in managed HOV lane projects of $11,100 was written-off and a loss was recognized during fiscal year 2018.

The following charts summarize expenses for fiscal years 2018 through 2020:





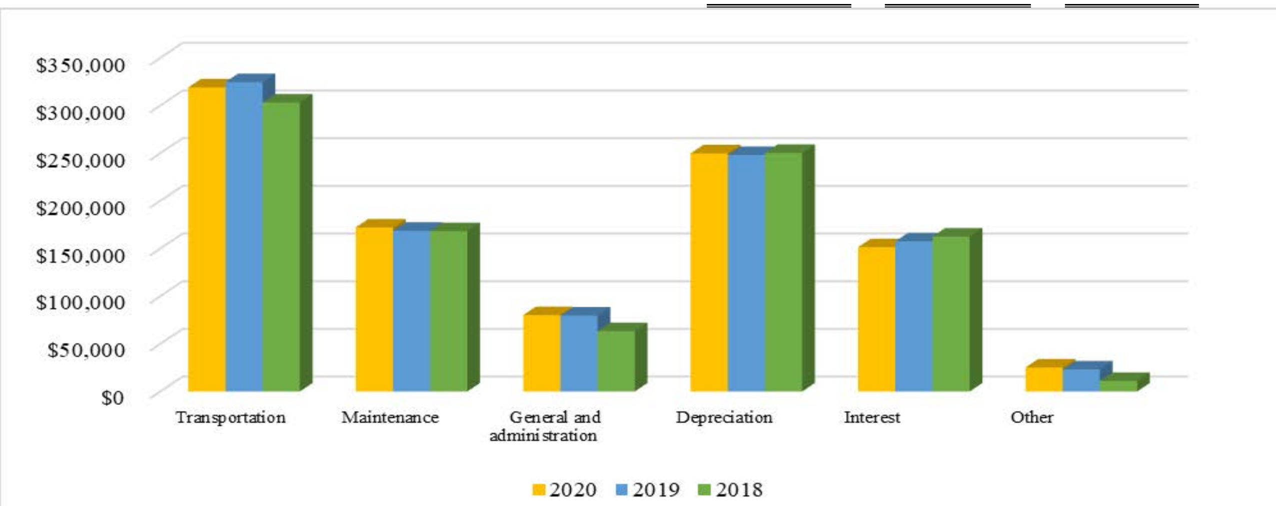


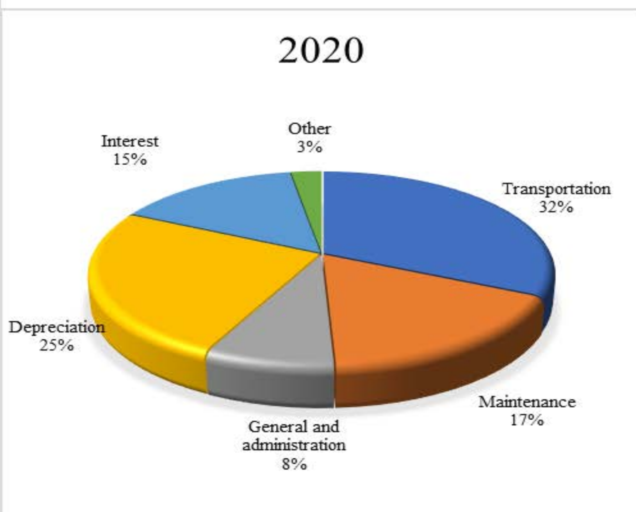
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

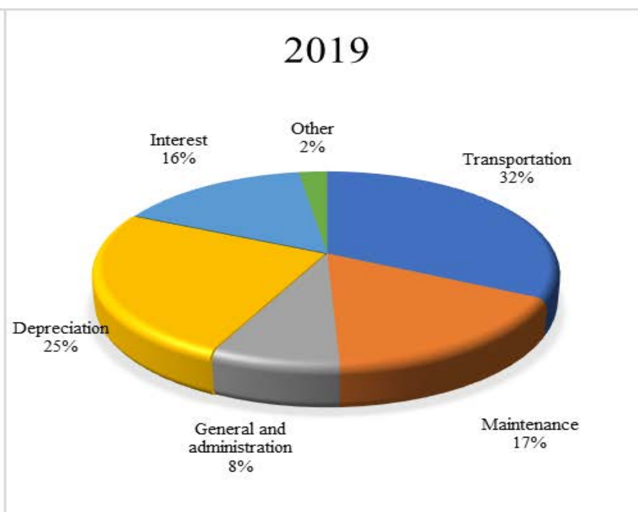
Expenses by function – *Transportation* – includes expenses that are directly related to the operation of bus, light rail, commuter rail, vanpool, paratransit, and DART on-call and shuttle services. These expenses include such items as wages and benefits for operators, transit center service employees, transportation supervisors and managers, DART police, cost of fuel, tires and tubes, propulsion power, purchased transportation, customer service, revenue collection, and other related costs. *Maintenance* – includes labor costs and benefits for vehicle and facility maintenance, personnel materials and supplies, utilities, and all other costs incurred for maintenance purposes. *General and administration* – includes administrative personnel costs, benefits, accident, general liability and contract claims, street improvements, and other related costs. *Depreciation* – includes depreciation expense on all depreciable capital assets. *Interest* – includes interest expense incurred on debt net of capitalized interest. *Other* – other expenses include non-operating items such as payments for transit related improvement programs (TRIP) and loss on transfer of HOV operations.

EXPENSES BY FUNCTION

	2020	2019	2018
Transportation	$319,463	$324,552	$303,082
Maintenance	172,309	168,579	168,222
General and administration	80,255	79,624	63,251
Depreciation and amortization	249,778	248,064	250,210
Interest	151,317	157,452	162,568
Other	25,181	23,131	11,100
Total	$998,303	$1,001,402	$958,433







FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – Investment in capital assets includes: land and rights-of-way; transitways; buildings and improvements; revenue and non-revenue vehicles and equipment; and furniture, fixtures, and leasehold improvements. DART's investment in capital assets as of September 30, 2020, is $4,171,958 compared to $4,189,759 in 2019. The net decrease in capital assets during 2020 is $17,801 (less than 1%) compared to a decrease of $47,537 (1%) in 2019.

The following table summarizes capital assets net of depreciation as of September 30, 2020 and 2019 with comparative information for 2018.

Capital Assets (Net of Depreciation)

	2020	2019	2018
Land and rights-of-way	$618,572	$618,596	$619,043
Projects in progress	405,380	227,111	93,435
Transitways	2,324,469	2,456,894	2,589,537
Buildings and improvements	292,622	313,084	334,346
Revenue and non-revenue vehicles and equipment	488,167	551,784	590,001
Furniture, fixtures, and leasehold improvements	42,748	22,290	10,934
Total	$4,171,958	$4,189,759	$4,237,296

The net decreases in both 2020 and 2019 are due to depreciation. Additional information on DART's capital assets is shown in note 7.

Outstanding debt – Outstanding debt includes sales tax revenue commercial paper notes, senior lien revenue bonds, TIFIA bonds payable, and capital lease/leaseback liabilities. As of September 30, 2020, DART had total outstanding debt of $3,310,456 compared to $3,378,074 as of September 30, 2019. Outstanding debt decreased by 2% ($67,618) in 2020 compared to a decrease of 2% ($71,715) in 2019.

The following table summarizes DART's total outstanding debt.

	2020	2019	2018
Sales tax revenue commercial paper notes	$74,100	$159,100	$125,000
Senior lien revenue bonds payable	3,074,810	2,992,355	3,110,045
TIFIA bonds payable	31,124	98,726	100,878
RRIF bonds Payable	11,706	11,706	-
Capital lease/leaseback liabilities	118,716	116,187	113,866
Total debt	$3,310,456	$3,378,074	$3,449,789

The sales tax revenue commercial paper notes outstanding balance was $74,100 as of September 30, 2020, compared to $159,100 as of September 30, 2019. Commercial paper notes are issued as a senior subordinate lien to sales and use tax revenues and are payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The decrease during 2020 was due to payment made on commercial paper notes of $85,000, while the increase during 2019 was due to additional borrowing to pay for capital projects.

Senior lien revenue bonds outstanding are $3,074,810 as of September 30, 2020, and $2,992,355 as of September 30, 2019. These senior lien bonds are secured by and payable from the 1% sales and use tax receipts and farebox revenues (pledged revenues). The increase of 82,455 in 2020 are due to additional borrowing while the decrease of $117,690 in 2019 was a due to principal payments and bond refunding during 2019. The senior lien revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of original issuance premium of $235,571 and $226,612 as of September 30, 2020 and 2019, respectively.

During 2020, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

TIFIA bonds payable are $31,124 as of September 30, 2020, compared to $98,726 as of September 30, 2019. The decrease in TIFIA bonds during 2020 was due to partial refunding. On December 13, 2012, DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S. Department of Transportation (DOT). Under this loan agreement, DART issued a Senior Lien Obligation bond to borrow up to $105,000 from the DOT. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extends DART's light rail service from Irving to the Dallas Fort Worth International Airport. The TIFIA financing agreement is reimbursement-based and DART requested the money after paying for the capital project costs. The TIFIA bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations.

RRIF bonds payable are $11,706 as of September 30, 2020 and 2019. On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S Department of Transportation. Under this loan agreement, DART will issue a Senior Lien Obligation bond to borrow up to $908 million from the U.S Department of Transportation. The proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus on Shiloh Road in the City of Plano, with 10 stations and 8 vehicles. The current estimate of eligible project costs for the project is approximately $1.24 billion. The RRIF financing agreement is reimbursement-based and DART will request (draw down) the money after paying for the capital project costs. Additional information on the RRIF loan is shown in note 14.

Capital lease/leaseback liabilities are $118,716 and $116,187 as of September 30, 2020 and 2019, respectively. The increase during both 2020 and 2019 are due to accrued interest.

Additional information on DART's outstanding debt is shown in notes 10-16.

ECONOMIC OUTLOOK

Sales and use tax is the largest source of revenue for DART, representing 54% of total revenues in 2020 and compared to 69% in 2019. Sales and use tax revenues are affected by changes in the local economy. During fiscal year 2019, DART's sales and use tax revenues showed a 4.1% increase compared to the previous year. Actual sales and use tax revenues in 2020 are $616,220 compared to $621,129 in 2019. The sales and use tax budget for 2021 is $583,765 compared to $616,220 actual for 2020. The budget for 2021 represents a 5.6% decrease from the 2020 actual sales and use tax revenues due to COVID-19. In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. It has impacted economic activity and financial markets globally and locally and has resulted in a decrease in passenger fare and sales tax revenues. The extent to which COVID-19 impacts DART will depend on future developments, which are still highly uncertain and cannot be predicted.

REQUESTS FOR INFORMATION

This financial report is designed to provide our member jurisdictions, customers, investors, and creditors with a general overview of DART's finances. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF NET POSITION

SEPTEMBER 30, 2020 AND 2019 (Dollars in Thousands)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$384,038	$98,979
Investments	108,028	258,921
Sales and use tax receivable	101,988	105,250
Transit revenue receivable, net	4,835	7,472
Due from federal and other governments	20,050	25,460
Materials and supplies inventory, net	36,870	37,724
Prepaid transit expense and other	4,217	5,399
Restricted investments held by trustee for debt service	123,111	119,603
Restricted investments held for advance funding agreements	52,205	69,440
Restricted investments held to pay capital lease/leaseback liabilities	6,374	6,374
TOTAL CURRENT ASSETS	841,716	734,622
NONCURRENT ASSETS		
Restricted investments held as security for capital lease/leaseback liabilities	4,616	5,742
Restricted investments for system expansion and acquisition	57,931	66,924
Investment in joint venture	7,821	8,924
Capital assets		
Land and rights-of-way	618,572	618,596
Projects in progress	405,380	227,111
Depreciable capital assets, net of depreciation	3,148,006	3,344,052
Restricted investments held to pay capital lease/leaseback liabilities	112,342	109,813
Unamortized bond insurance premium and other	536	568
TOTAL NONCURRENT ASSETS	4,355,204	4,381,730
TOTAL ASSETS	5,196,920	5,116,352
DEFERRED OUTFLOWS OF RESOURCES	92,195	80,679
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,289,115	5,197,031
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	103,363	89,687
Commercial paper notes payable	74,100	159,100
Current portion of capital lease/leaseback liabilities	6,374	6,374
Current portion of repayment due to State Comptroller	1,393	824
Local Assistance Program payable	5,622	3,193
Retainage payable	17,669	11,520
Unearned revenue and other liabilities	92,965	114,136
Accrued interest payable from restricted assets	50,248	51,233
Current portion of bonds payable	62,689	59,974
TOTAL CURRENT LIABILITIES	414,423	496,041
NONCURRENT LIABILITIES		
Accrued liabilities	40,172	41,066
Net pension liability	51,025	47,330
Net other post-employment benefits (OPEB) liability	5,048	9,948
Repayment due to State Comptroller	8,394	5,279
Senior lien revenue bonds payable	3,261,677	3,172,913
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	35,845	96,512
Capital lease/leaseback liabilities	112,342	109,813
NET TOTAL NONCURRENT LIABILITIES	3,514,503	3,482,861
TOTAL LIABILITIES	3,928,926	3,978,902
DEFERRED INFLOWS OF RESOURCES	19,209	15,628
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,948,135	3,994,530
NET POSITION		
Net investment in capital assets	796,675	784,924
Restricted for debt service	72,863	68,370
Restricted as security for capital lease/leaseback liabilities	4,616	5,742
Unrestricted	466,826	343,465
TOTAL NET POSITION	$1,340,980	$1,202,501

The accompanying notes are an integral part of these financial statements.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (Dollars in Thousands)

	2020	2019
OPERATING REVENUES		
Passenger revenues	$42,119	$63,941
Advertising, rent, and other	13,023	13,532
TOTAL OPERATING REVENUES	55,142	77,473
OPERATING EXPENSES		
Labor	268,436	259,186
Benefits	108,341	118,592
Services	55,943	53,282
Materials and supplies	55,753	51,017
Purchased transportation	57,079	58,537
Depreciation and amortization	249,778	248,064
Utilities	16,717	16,619
Taxes, leases, and other	3,492	6,679
Casualty and liability	6,266	7,156
TOTAL OPERATING EXPENSES	821,805	819,132
NET OPERATING LOSS	(766,663)	(741,659)
NON-OPERATING REVENUES (EXPENSES)		
Sales and use tax revenue	616,220	621,129
Investment income	6,575	14,787
Interest income from investments held to pay capital lease/leaseback	8,904	8,695
Interest expense on capital lease/leaseback	(8,904)	(8,695)
Street improvements	(14,566)	(11,301)
Interest and financing expenses	(142,413)	(148,757)
Build America Bonds tax credit	21,390	25,021
Other federal grants	294,136	54,932
Other non-operating revenues	15,156	15,463
Other non-operating expenses	(10,615)	(13,517)
NET NON-OPERATING REVENUES	785,883	557,757
GAIN(LOSS) BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	19,220	(183,902)
CAPITAL CONTRIBUTIONS AND GRANTS		
Federal capital contributions	98,924	80,426
State capital contributions	19,843	1,599
Local Capital Contribution	492	-
TOTAL CAPITAL CONTRIBUTIONS AND GRANTS	119,259	82,025
CHANGE IN NET POSITION	138,479	(101,877)
TOTAL NET POSITION – BEGINNING OF YEAR	1,202,501	1,304,378
TOTAL NET POSITION – END OF YEAR	$1,340,980	$1,202,501

The accompanying notes are an integral part of these financial statements.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (Dollars in Thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$56,001	$77,540
Cash flows from other sources	19,572	9,997
Payments to suppliers of goods and services	(150,467)	(139,665)
Payments to purchased transportation service providers	(57,821)	(57,685)
Payments to employees	(261,199)	(259,186)
Benefit payments on behalf of employees	(114,391)	(115,541)
NET CASH USED BY OPERATING ACTIVITIES	(511,305)	(484,540)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales and use tax receipts	623,165	613,005
Other federal grants	294,168	53,490
Build America Bonds tax credit	21,314	27,490
Local Assistance Program and street improvements	(12,137)	(9,638)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	926,510	684,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,413	8,705
Proceeds from sales and maturity of investments	1,195,401	392,489
Purchase of investments	(1,042,921)	(254,882)
Increase in restricted assets	23,847	(76,519)
NET CASH PROVIDED BY INVESTING ACTIVITIES	181,740	69,793
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(214,591)	(176,590)
Proceeds from the issuance of commercial paper notes	466,000	754,100
Payment on commercial paper notes	(551,000)	(720,000)
Proceeds from the issuance of revenue bonds	100,000	-
Proceeds from the Railroad Rehabilitation and Improvement Financing Bonds	-	11,706
Principal payment on revenue bonds	(59,974)	(58,291)
Interest and financing expenses	(151,667)	(160,818)
Payment of debt issuance costs	(1,915)	(2,954)
Federal capital contributions	98,845	79,889
State and local capital contributions	2,376	3,359
Proceeds from the sale of capital assets	40	617
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(311,886)	(268,982)
NET DECREASE IN CASH AND CASH EQUIVALENTS	285,059	618
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	98,979	98,361
CASH AND CASH EQUIVALENTS, END OF YEAR	$384,038	$98,979

(Continued)

The accompanying notes are an integral part of these financial statements.

DALLAS AREA RAPID TRANSIT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (Dollars in Thousands)

	2020	2019
RECONCILIATION OF OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	$(766,663)	$(741,659)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation and amortization	249,778	248,064
Miscellaneous non-operating income	15,117	14,847
Miscellaneous non-operating expenses	(10,615)	(13,517)
Changes in assets and liabilities:		
(Increase) decrease in transit receivable	2,637	(455)
Decrease in due from federal & other governments	5,359	(3,814)
Decrease (increase) in materials and supplies inventory	854	(1,809)
Decrease (increase) in prepaid expenses and other current assets	777	(1,413)
Increase (decrease) in net pension liability	3,694	2,432
Increase (decrease) in accounts payable and accrued liabilities	2,240	10,739
Increase (decrease) in unearned revenue and other liabilities	(14,483)	2,045
NET CASH USED BY OPERATING ACTIVITIES	$(511,305)	$(484,540)

NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Interest income from investments held to pay capital lease/leaseback	$8,904	$8,695
Interest expense on capital lease/leaseback	(8,904)	(8,695)
Increase in capital lease/leaseback obligations	2,530	2,321
Increase in investments held to pay capital lease/leaseback	(2,530)	(2,321)
Increase (decrease) in fair value of investments	(34)	4,286
Amortization of premium, discount, bond insurance premium costs, and loss on debt refunding	(23,153)	(15,968)
Purchases of capital assets in accounts payable at year-end	43,160	32,650
Decrease in deferred outflows of resources – derivative instrument	398	1,457
Change in due from federal governments – capital contributions	161	537
Change in advance payments received from the State – capital contributions	17,960	1,760
Proceeds from the issuance of sales tax revenue bonds	209,689	365,655
Payment for advance refunding of sales tax revenue bonds	(209,689)	(365,655)

(Concluded)

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Dallas Area Rapid Transit (DART) is a regional transportation authority of the State of Texas, created and confirmed by passage of a referendum on August 13, 1983, pursuant to Article 1118y of the Vernon's Annotated Texas Civil Statutes, as amended, and recodified into Section 452 of the Texas Transportation Code (the Code) effective September 1, 1995. DART is organized to provide public and general transportation services to 13-member jurisdictions in five counties: Dallas, Collin, Ellis, Denton, and Rockwall. The member jurisdictions in which the voters elected to be included in DART consist of the cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett, and University Park, and the towns of Addison and Highland Park. Fifteen Board members represent the 13-member jurisdictions. Board members are appointed according to the ratio of the population of a member jurisdiction to the total population of the service area. One Board member may represent multiple jurisdictions.

Amendments to DART's enabling legislation require approval of the Texas State Legislature, which holds its regular session every two years. Past legislative changes allowed the issuance of lease/leaseback transactions (see Note 10), changed the collection period of sales taxes from quarterly to monthly, and allowed a joint pledge of sales and use tax and farebox revenues as security for long-term debt. Future changes to DART's enabling legislation could have a material impact on DART's financial position. The next session of the State Legislature is scheduled to begin in January 2021.

On August 12, 2000, the voters of the DART Service Area passed a referendum that allows DART to issue up to $2.9 billion of bonds or notes that are solely payable from and secured by the DART sales and use tax revenue, have maturities beyond five years, and are issued pursuant to the authority granted at the election. A change to DART's enabling legislation was enacted during the 2009 Texas Legislative Session allowing DART to pledge multiple revenue sources as a first lien on Senior Lien Long-Term Bonds. This legislative change allowed DART to issue more than $2.9 billion in long-term debt, provided that DART issues multi-revenue bonds. On July 23, 2012, DART filed a Bond Validation Petition in District Court 160 in Dallas County. DART sought a judicial ruling clarifying whether a $2.9 billion limitation on "solely" pledged Sales Tax Revenue Bonds applies to "combined" Pledged Revenue Bonds. The hearing was conducted on August 13, 2012, and the Court concurred with DART's position. As a result, DART is no longer limited to $2.9 billion in long-term debt so long as the debt is backed by a combined pledge of revenues (sales taxes plus another revenue source). Based on voters' authorization and changes in its enabling legislation, DART issued and sold varies bonds shown in notes 12, 13 and 14.

Basis of Accounting – The activities of DART are accounted for as proprietary funds and therefore are reported as an enterprise fund in accordance with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB). Accordingly, DART uses the accrual basis of accounting.

Reporting Entity – DART has two component units, Regional Rail Right-Of-Way Corporation (RRROW) and Dallas Area Rapid Transit Mobility Service, LGC (LGC).

Regional Rail Right of Way – The RRROW is a not-for-profit Corporation formed under Article 1396-1.01 of the Texas Non-Profit Corporation Act on October 9, 1990 to facilitate the acquisition of certain properties and right-of-way for DART. On July 9, 2002, The DART Board of Directors authorized the transfer to DART of real estate interest for certain railroad right of way held by RRROW and granted easement rights to RRROW to continue freight rail operations on all of DART active freight rail corridors. DART retains all real estate interests in the active freight rail corridors and RRROW is the common carrier authority under the freight operating easement. RRROW discharges the common carrier obligations through existing trackage rights agreements that are managed by DART personnel on behalf of RRROW. RRROW collects all trackage rights fees from freight operations on active DART owned railroad corridors. At the end of each fiscal year DART receives income earned by the Corporation that is not needed to pay the Corporation's expenses or obligations. DART retains the right to use the railroad corridors for reasonable purposes provided such uses do not materially interfere with common carrier freight service on the railroad corridors.

All powers of the RRROW corporation are vested in a Board of Directors, each member of which is appointed by the DART Board. The RRROW Board of Directors consist of not fewer than three nor more than five directors of which DART is the sole corporate member. Any director may be removed from office at any time, with or without cause, by the DART Board. The DART Board may review and revise the structure, organization, and activities of the Corporation. The property and affairs of RRROW are subject to the restrictions imposed by the DART Board. In the event of dissolution all assets will be turned over to DART.

Dallas Area Rapid Transit Mobility Service – The LGC is a not-for-profit Corporation formed on March 6, 2012 under Subchapter D of Chapter 431, Texas Transportation Code, to aide and act on behalf of DART in performance of its governmental purpose of providing a public transportation system by bus primarily outside the DART service area. The Corporation can issue bonds, notes or other obligations and it can also acquire real property, all subject to prior approval of the DART Board of Directors. The LGC must comply with all DART policies and, when applicable, with all Federal Transit Administration requirements in performance of its duties.

There are five members on the LGC Board: Chairman of the DART Board of Directors; one other DART Board member that is appointed by the DART Board of Directors; and three DART employees recommended by the President/Executive Director of DART and subject to the approval from the DART Board of Directors. DART is the sole corporate member of the LGC. The DART Board of Directors may remove any member from the LGC board, with or without cause. Any vacancy on the Board shall be filled by a majority vote of the DART Board of Directors. Staff functions for the Corporation are performed by DART employees, as directed by the DART President/Executive Director. The DART Board of Directors may at any time consider and approve a resolution directing the LGC Board of Directors to proceed with the dissolution of the Corporation in which case, all assets will be turned over to DART. At the end of each fiscal year, DART receives income earned by the Corporation that is not needed to pay the Corporation's expenses or obligations.

Both RRROW and LGC meet the criteria of a blended component unit for the following reasons: They are both non-profit corporations in which the agency is the sole corporate member. DART Board appoints/approves the voting majority of each Board. The DART Board can impose its will on the corporations and may at any time consider and approve a resolution directing their Boards to proceed with the dissolution of the Corporation in which case, all assets will be turned over to DART. Also, the DART Board may remove any member from the LGC or RRROW Board at any time, with or without cause. In the case of RRROW, the corporation provides services that benefit the primary government (DART) by discharging the common carrier obligations through DARTs existing trackage rights agreements and collecting the related trackage rights fees. DART is legally entitled to or can otherwise access the organizations resources as it retains the right to use the railroad corridors and at the end of each fiscal year receives income earned by RRROW via the trackage right fees received. In the case of LGC, the LGC benefits DART by aiding and acting on behalf of DART in performance of its governmental purpose of providing a public transportation system. The LGC also provides a financial benefit to DART. At the end of each fiscal year DART receives the income earned by the LGC that is not needed to pay the Corporation's expenses or obligations.

The financial information of the RRROW and LGC are included in the accompanying financial statements of DART as blended component units in accordance with GASB Statement No. 61 and GASB Statement No. 80.

Internally prepared financial statements for either RRROW or LGC may be obtained by contacting the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

New Accounting Pronouncements – In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. DART elected for early implementation of this standard beginning fiscal year 2020.

Cash and Cash Equivalents – DART considers investments in unrestricted funds with original maturities of less than 90 days at the date of purchase to be cash equivalents. Cash and cash equivalents were $384,038 and $98,979 as of September 30, 2020, and 2019, respectively.

Investments – The investment balances, other than investments held to pay lease/leaseback obligations (see Note 3), on September 30, 2020, and 2019 are stated at fair value except for money market funds which are valued at amortized cost. Fair value is the amount at which an investment may be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. DART utilizes quoted market prices or other measurements on September 30, 2020, and 2019, as the equivalent of the fair value of investments. When both restricted and unrestricted funds are available, it is DART's policy to spend restricted funds first on eligible expenditures.

Material and Supplies Inventory – An inventory of supplies and parts is maintained at different DART warehouses for use in the operation and is recorded as an expense when consumed or placed in service. Inventory is stated at average cost.

Capital Assets – Capital assets are assets with an initial individual cost of more than five thousand dollars ($5,000) and an estimated useful life in excess of one year. Such assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as indicated in Note 6. Major improvements to buildings and equipment are capitalized. Maintenance and repairs are charged to expense as incurred. Improvements and betterments that extend the useful lives of capital assets or add new functionality are capitalized. Transit system development costs for services such as project-related design, construction, construction management, and project management costs are capitalized when incurred. In 2020, total interest and financing expense of $142,413 was incurred, and none of this total was capitalized due to early implementation of GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. In 2019, total interest and financing expense of $151,892 was incurred, and $3,135 of this total was capitalized. Donated assets are capitalized at estimated acquisition value on the date of donation.

Federal, State and Local Capital Contributions, and Grants – Grant funds used for the acquisition of property and equipment are recorded as capital contribution revenues when the related grant eligibility requirements are met, and qualified expenditures are incurred. DART received $119,259 in federal, state and local capital contributions during 2020 compared to $82,025 during 2019. None of the total capital contributions received during 2020 were based on capital expenditures made during the previous years. In addition to capital contributions, DART also received $294,136 in 2020 compared to $54,932 in 2019 in the form of other federal grants. Included in these amounts are grants that are substantially related to capital maintenance grants from the federal government. The 2020 amount includes $229,628 from the CARES Act grant.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Paid Time Off, Vacation and Sick Leave – Salaried exempt and non-exempt employees are eligible for a "Paid Time Off" (PTO) benefits program. Accumulated PTO hours have no cash value unless the employee has five or more years of service. Upon termination of employment, a percentage of unused PTO hours will be paid in a lump sum based on number of years of continued service with DART. Hourly employees earn vacation and sick leave, which may be taken or accumulated up to certain levels, until paid upon retirement or termination. The liability for PTO, vacation, and sick leave has been calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences,* and is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position.

Operating Revenues and Expenses – Operating revenues are generated from activities related to providing public transportation services such as bus, light rail, commuter rail, paratransit, and vanpool to DART customers. DART's operating revenues include passenger fare revenues, advertising revenues, and certain rental income. Non-operating revenues are revenues not directly related to the operations of DART's transit service. Sales and use tax revenues, BABs tax credit, and investment income are classified as non-operating revenues.

Operating expenses are incurred for activities directly related to providing public transportation services to DART customers. Such activities include transportation, maintenance, transit police, and general and administrative functions. Non-operating expenses include interest and financing costs, general planning and consulting work not related to current service, and the local assistance provided to eligible member jurisdictions.

Revenue Recognition – Operating revenues are recognized when transit service is provided. Monthly tickets and annual passes are sold for revenue service, including bus and rail operations. An estimate of unused tickets and passes is recorded as unearned transit revenue and is included in the unearned revenue and other liabilities line item in the accompanying Statements of Net Position.

Sales and Use Tax Revenues – Sales and use tax revenues are recognized when the underlying transactions occur. Sales and use tax revenues are subject to audits by the State Comptroller, which sometimes results in refunds to the State.

Self-Insurance Liabilities – DART administers and maintains self-insured reserves for employee medical, operational workers' compensation, auto, and general liability (including bus/rail accidents), directors' and officers' liability, and light rail construction workers' compensation and general liability claims. These programs are administered by DART, or in some instances, a third party. DART accrues the estimated cost of self-insurance liabilities based on actuarial review and the estimate is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position. These estimates include incurred but not reported (IBNR) claims

Changes in the liabilities in 2020 and 2019 for DART's self-insured programs are as follows:

	Injury, Damage and Personal Liabilities	Workers' Compensation Liabilities	Employee Medical, Dental, and Vision Liabilities*	Total Self-Insurance Liabilities
Beginning Balance, 10/01/2017	**$4,243**	**$7,460**	**$6,267**	**$17,970**
Add: Claims and changes in estimates	1,361	2,562	49,628	53,551
Less: Payments	(1,369)	(2,752)	(48,601)	(52,722)
Ending balance, 09/30/2018	**$4,235**	**$7,270**	**$7,294**	**$18,799**
Add: Claims and changes in estimates	2,410	2,568	60,500	65,478
Less: Payments	(2,280)	(3,950)	(57,509)	(63,739)
Ending balance, 09/30/2019	**4,365**	**5,888**	**10,285**	**20,538**
Add:Claims and changes in estimates	3,018	5,591	56,239	64,848
Less: Payments	(3,059)	(5,138)	(56,225)	(64,422)
Ending balance, 09/30/2020	**$4,324**	**$6,341**	**$10,299**	**$20,964**

*DART employees pay their share of medical, dental, and vision claims through bi-weekly payroll deductions. Employees' share of medical, dental, and vision claims was $9,697 during 2020, $9,711 during 2019, and $9,760 during 2018. Payment amounts shown in the table above are gross amounts and not netted against employee contributions.

DART purchases liability insurance coverage for all-risk property, commuter rail, leased premises, crime, directors and officers and light rail project-specific professional liability and light rail build-out workers' compensation and general liability. Coverage is evaluated annually and adjusted as necessary based upon exposure and claim payments. There was no significant reduction in insurance coverage from the previous year, and the settlement amounts did not exceed insurance coverage for each of the past three fiscal years.

Premium and Discounts on Revenue Bonds – Premiums and discounts on Senior Lien Revenue Bonds are amortized using the effective interest method. Bond insurance premiums and gains/losses on refunding are also amortized using the effective interest method over the life of the bonds.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan) and additions to/deductions from the DB Plan's fiduciary net position have been determined on the same basis as they are reported by the DB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position – *Net Investment in Capital Assets*, includes capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. *Restricted* consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is DART's policy to use restricted resources first, and then unrestricted resources when they are needed. *Unrestricted* resources consist of net position that does not meet the definition of "restricted" or "net investment in capital assets."

2. SERVICE AGREEMENTS

DART has entered into several long-term agreements with contractors to provide paratransit, commuter rail, DART on-call and shuttle services. Payments to service providers are recorded as purchased transportation in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Summary of major services rendered in 2020 and 2019 and the current contract terms, including option periods is shown as follows:

		Annual Payments		Contract Terms	
Contractor's Name	Service Type	2020	2019	Began	Expires
Herzog Transit Services, Inc.	Commuter Rail Service	$21,313	$20,940	10/1/2015	9/30/2025
MV Transportation, Inc.	Paratransit, and mobility services	31,011	31,807	10/1/2012	9/30/2022
Others	Various	4,755	5,790	Various	Various
Total		$57,079	$58,537		

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and investments, excluding investments held for lease/leaseback liabilities, as of September 30 are classified in the Statements of Net Position as follows:

	9/30/2020	9/30/2019
Cash and cash equivalents	$384,038	$98,979
Investments	108,028	258,921
Restricted investments held by trustee for debt service	123,111	119,603
Restricted investments held for advance funding agreements	52,205	69,440
Restricted investments held for system expansion and acquisition	57,931	66,924
Restricted investments held as security for capital lease/leaseback liabilities	4,616	5,742
Total cash and investments	$729,929	$619,609

Cash and investments as of September 30 consist of the following:

	9/30/2020	9/30/2019
Cash	$2,530	$2,368
Cash equivalents	381,508	96,611
Investments	345,891	520,630
Total cash and investments	$729,929	$619,609

Deposits
State statutes authorize DART's cash to be deposited in demand deposits, time deposits, or certificates of deposit and require that all deposits be fully collateralized or insured.

On September 30, 2020, the carrying amount of DART's deposits was $2,530 compared to $2,368 at September 30, 2019. Bank balances at September 30, 2020 and 2019 were entirely covered either by Federal Depository Insurance or by collateral held by DART's agent in DART's name.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, DART will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. DART's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by F.D.I.C. insurance. Securities that can be accepted as collateral are limited to U.S. Government Securities, Federal Agency Securities, and Municipal Securities.

Investments

In accordance with the Texas Public Funds Investment Act and DART's investment policy, DART invests in, among others, obligations of the United States or its agencies and instrumentalities, and obligations of states, agencies, counties, cities, and other state political subdivisions with ratings from a nationally recognized investment rating firm of not less than "A" or its equivalent and commercial paper with ratings of not less than "A1" or "P1." In addition, State statutes authorize DART to invest funds in other cash equivalents such as money market mutual funds among other things. All DART investments are subject to the Texas Public Funds Investment Act. The following table identifies the investment types that are authorized by DART's Investment Policy. The table also identifies certain provisions of DART Investment Policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer at the Time of Purchase
U.S. Government Securities	None	None	None
Federal Agency Securities	None	None	25%
Municipal Securities	None	None	10%
Repurchase and Reverse Repurchase Agreements	90 days	50%	5%
Money Market Mutual Funds	10 years	None	None
Commercial Paper	270 days	None	5%
Banker's Acceptance	270 days	None	5%
Certificate of Deposit	10 years	None	None

Interest Rate Risk – Interest rate risk is the risk that changes in market 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. One of the ways that DART manages exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of it matures evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of DART investments to market interest rate fluctuations as of September 30 is provided in the following tables, which show the distribution of DART investments by maturity.

		Remaining Maturity (in months) as of September 30, 2020		
Investment Type	Total Amount	12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Farm Credit Banks	$23,043	$ -	$13,042	$10,001
Federal Home Loan Bank	25,889	-	5,026	20,863
Federal Home Loan Mortgage Corporation	21,990	-	-	21,990
Money Market Funds:				
Logic*	319,528	319,528	-	-
TexPool **	179,333	179,333	-	-
TexasClass***	105,824	105,824	-	-
TexasDaily ****	30,018	30,018	-	-
Other Money Market Funds	21,774	21,774	-	-
Total	$727,399	$656,477	$18,068	$52,854

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Investment Type	Total Amount	Remaining Maturity (in months) as of September 30, 2019 — 12 Months or Less	12 to 24 Months	24 to 60 Months
Federal Agricultural Mortgage Corporation	$20,092	$10,064	$ -	$ 10,028
Federal Farm Credit Banks	34,496	31,494	3,002	-
Federal Home Loan Bank	97,554	47,249	40,047	10,258
Federal Home Loan Mortgage Corporation	43,630	9,990	4,115	29,525
Federal National Mortgage Association	42,332	42,332	-	-
Money Market Funds:				
Logic*	252,783	252,783	-	-
TexPool**	93,473	93,473	-	-
Other Money Market Funds	32,881	32,881	-	-
Total	$617,241	$520,266	$47,164	$49,811

*Logic (Local Government Investment Cooperative) is an AAAm rated investment pool tailored to the investment needs of Texas local governments. The Portfolio invests only in A1/P1 commercial paper and government back securities (treasuries/agencies and repurchase agreements) which are in compliance with the Public Fund Investment Act. LOGIC is overseen by a Governing Board consisting of individuals from participating Government Entities in the pool. The Portfolio will maintain a dollar-weighted average portfolio maturity that does not exceed 60 days calculated in accordance with the 2a-7 or 90 days based on stated maturity of fund investments. The fair value of LOGIC portfolio is determined using amortized cost.

**TexPool is the largest and oldest local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. It operates according to Government Code 2256 (Public Funds Investment Act) requirements. The weighted average maturities of the pool cannot exceed 60 days. TexPool invests only in investments authorized under the Public Funds Investment Act.
The fair value of TexPool portfolio is also determined using amortized cost.

***TexasClass is a Texas Cooperative Liquid Assets Securities System Trust ("the Trust"). It is a Participant controlled trust created in accordance with the Texas Public Funds Investment Act. Texas Class investments are AAAm by Standard and Poor's.

****TexasDaily is one of the investment options offered by the Texas Term Investment Pool which is a professionally managed portfolios that are available to government entities in the State of Texas. TexasDaily is a money market portfolio with daily liquidity that is rated AAAm by Standard & Poor's. Average maturity is 52 days.

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 rating agency. The following tables show actual ratings as of September 30 for each investment type. Money market funds listed are SEC regulated 2a.7 funds.

Rating as of September 30, 2020

Investment Type	Total Amount	AA+/ Aaa	AAAm	Not Rated
Federal Farm Credit Banks	$23,043	$23,043	$ -	$ -
Federal Home Loan Bank	25,889	25,889	-	-
Federal Home Loan Mortgage Corporation	21,990	21,990	-	-
Money Market Funds:			-	-
Logic	319,528	-	319,528	-
TexPool	179,333	-	179,333	
TexasClass	105,824	-	105,824	-
TexasDaily	30,018	-	30,018	-
Other Money Market Funds	21,774	-	1,759	20,015
Total	$727,399	$70,922	$636,462	$20,015

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Rating as of September 30, 2019			
Investment Type	Total Amount	AA+/ Aaa	AAAm
Federal Agricultural Mortgage Corporation	$20,092	$ -	$20,092-
Federal Farm Credit Banks	34,496	34,496	-
Federal Home Loan Bank	97,554	97,554	-
Federal Home Loan Mortgage Corporation	43,630	43,630	-
Federal National Mortgage Association	42,332	42,332	-
Money Market Funds:			
Logic	252,783	-	252,783
TexPool	93,473	-	93,473
Other Money Market Funds	32,881	-	32,881
Total	$617,241	$218,012	$399,229

On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term United States sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists. DART's investment portfolio includes $70,922 as of September 30, 2020 compared to $218,012 as of September 30, 2019 with credit ratings of AA+ by Standard and Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of DART's investment in a single issuer. DART's Investment Policy contains limitations on the amount that can be invested in any one issuer as shown in the table on page 22. Investments in any one issuer that represent 5% or more of total investment portfolio of DART as of September 30 are as shown below:

September 30, 2020		
Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	$319,528	44%
TexPool	179,333	25%
TexasClass	105,824	15%

September 30, 2019		
Investment type/Issuer	Reported Amount	Percentage of Total Portfolio
Logic	$252,783	41%
Federal Home Loan Bank	97,554	16%
TexPool**	93,473	15%
Federal Home Loan Mortgage Corporation	43,630	7%
Federal National Mortgage Association	42,332	7%
Federal Farm Credit Banks	34,496	6%

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, DART will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of DART's investments except for money market mutual funds, which by design provide ownership of shares within the fund, are registered in DART's name as of September 30, 2020 and 2019 and are not exposed to custodial credit risk.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. None of DART's investment are in foreign currency-denominated investments.

DART categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs.

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DART has the following fair value measurements as of September 30, 2020 and 2019.

Fair Value Measurements as of September 30, 2020

Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Farm Credit Banks	$23,043	$ -	$23,043	$ -
Federal Home Loan Bank	25,889	-	25,889	-
Federal Home Loan Mortgage Corporation	21,990	-	21,990	-
Total	$70,922	$ -	$70,922	$ -

Fair Value Measurements as of September 30, 2019

Investment Type	Total Amount	Level 1	Level 2	Level 3
Federal Agricultural Mortgage Corporation	$20,092	$ -	$20,092	$ -
Federal Home Loan Bank	97,554	-	97,554	-
Federal Farm Credit Banks	34,496	-	34,496	-
Federal Home Loan Mortgage Corporation	43,630	-	43,630	-
Federal National Mortgage Association	42,332	-	42,332	-
Total	$238,104	$ -	$238,104	$ -

Restricted investments held to pay capital lease/leaseback liabilities – As of September 30, 2020, DART had one outstanding lease/leaseback obligation. When DART entered into the capital lease/leaseback transactions it received advance rental payments. A portion of the advance rental payment received by DART was used to purchase contractual undertakings from certain financial institutions. These institutions assumed and agreed to pay the sublease rental payments due through the purchase option date, together with the purchase option price owed if DART were to exercise the purchase option rights. For other leases, DART deposited a portion of the advance rental payment with a trustee, who was to purchase direct obligations of the US government and other securities that would mature on the dates in the amounts required to pay sublease rental payments and the respective purchase option price. These investments are held by the trustee in the name of DART and are invested in U.S. Treasury strips, U.S. government sponsored enterprise obligations, and guaranteed investment contracts. They include a combination of investments with short-term and long-term maturities which minimizes the exposure to interest rate risk. Because these investments are insured by a third party and are held in U.S. Treasuries and government investment contracts, they are not recorded at fair value but are recorded at amortized cost in the Statements of Net Position.

Assigned assets – The DART Board has assigned certain cash and investment balances to be maintained for self-insurance and financial reserve. These amounts are shown as unrestricted investments in the accompanying financial statements. The assets for self-insurance include amounts assigned by the Board to fund future claims and workers' compensation liabilities. The Board established a financial reserve to accumulate sales and use taxes in years when sales and use tax revenues exceed the budgeted amount. Sales and use tax revenues, net of annual repayments to the State Comptroller, were $11,891 lower than budget for fiscal year 2020 compared to $7,806 more than budget for fiscal year 2019. In addition, the Board of Directors authorized the establishment of Mobility Assistance and Innovation Fund. Should the Financial Reserve exceed $50 million, excess funds are placed in the Mobility Assistance and Innovation Fund.

An affirmative vote of two-thirds of the Board is required to draw upon the Financial Reserve and Mobility Assistance and Innovation Fund. The funds may be used for any purpose approved by the Board. During 2011, the DART Board approved a request to set aside a portion of the financial reserve investments for potential collateral as required by an amendment to one of the lease/leaseback agreements. The amount set aside for this purpose is $4,616 as of September 30, 2020, compared to $5,742 as of September 30, 2019. These amounts are shown as restricted investments held as security for capital lease/leaseback liabilities in the Statements of Net Position and are excluded from the financial reserve amount of September 30, 2020 and 2019 shown as follows:

Assigned for	2020	2019
Self-Insurance	$12,247	$12,281
Financial Reserve*	45,277	44,517
Silver Line Project Fund**	20,110	20,100
Mobility Assistance and Innovation Fund***	12,328	11,021
Total	$ 89,962	$ 87,919

*The financial reserve amounts shown here are net of $4,616 as of September 30, 2020, and $5,742 as of September 30, 2019. These amounts are set aside as collateral security for a certain lease/leaseback obligation.

** On October 25, 2016, the DART Board approved the Fiscal Year 2017 Twenty-Year Financial Plan which included an authorization to move $20.1 million from Mobility Assistance and Innovation Fund (formerly Capital Reserve) to the Silver Line Project Fund to pay for the Silver Line commuter rail capital project costs.

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*** On May 14, 2019 the DART Board renamed the Capital Reserve Fund as the Mobility Assistance and Innovation Fund by Resolution No. 190053.

4. RESTRICTED ASSETS

As security for the Senior Lien Obligations (Bonds) and Senior Subordinate Lien Obligations (Commercial Paper Notes), DART is required to maintain a certain amount of money in trust accounts created for this purpose. The money maintained in the trust accounts is reported as *Investments held by trustee for debt service* in the Statements of Net Position. The trustee uses all the monies and investments in the account for payment of principal, interest for bonds and commercial paper notes, and administrative expenses. Restricted assets shown in the Statements of Net Position also include debt proceeds which will be used to fund capital expenditures.
DART entered into three advance funding agreements with the Texas Department of Transportation and received money for construction of three parking lots. DART also entered into an inter-local agreement with the City of Dallas to plan and design a modern streetcar system for the City of Dallas and received money for this purpose. The remaining balances of these monies are shown as *restricted investments held for advance funding agreements* in the Statements of Net Position as of September 30, 2020 and 2019.

DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security for a certain lease/leaseback obligation. As of September 30, 2020, DART has set aside $4,616 compared to $5,742 as of September 30, 2019, for this purpose. These amounts are shown as *investments restricted as security for lease/leaseback liabilities* in the Statements of Net Position.

5. INVESTMENT IN JOINT VENTURE

DART and Trinity Metro jointly provide commuter rail service between downtown Dallas and downtown Fort Worth. The authorities have adopted the name *Trinity Railway Express* (“TRE”) to provide this service. The operation and maintenance of commuter rail service is contracted to Herzog Transit Services, Inc. The cost of operating TRE, net of operating revenues, is shared between DART and Trinity Metro based on revenue seat miles operated in Dallas County and Tarrant County, respectively. The transit authorities separately contributed the capital for the passenger stations and track storage areas in their respective counties, including fixtures and fare collection equipment at those stations. DART and Trinity Metro have jointly contributed the capital for seven rehabilitated locomotives, two new locomotives, ten rehabilitated bi-level coaches, five new bi-level coaches, two rehabilitated bi-level cab cars, and five new bi-level cab cars. The book value of DART’s share of these capital assets jointly owned with Trinity Metro is recorded as Investment in Joint Venture in the Statements of Net Position in accordance with GASB Statement No. 61. There are no separate financial statements for the TRE. Each authority includes its share of revenues, operating costs and capital assets in its own financial statements.

6. CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2020 are shown as follows:

	Beginning Oct. 1, 2019	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2020
Non-Depreciable Assets					
Land and right-of-way	$ 618,596	$ -	$ (309)	$ 285	$ 618,572
Capital projects in progress	227,111	231,184	-	(52,915)	405,380
Total non-depreciable assets	845,707	231,184	(309)	(52,630)	1,023,952
Depreciable Assets					
Transitways	4,054,449	-	-	5,332	4,059,781
Buildings and improvements	753,648	-	(3,805)	5,471	755,314
Revenue and non-revenue vehicles and equipment	1,327,613	-	(26,808)	9,681	1,310,486
Furniture, fixtures, and Leasehold improvements	97,110	-	(1,247)	32,146	128,009
Total depreciable assets	6,232,820	-	(31,860)	52,630	6,253,590
Less accumulated depreciation					
Transitways	1,597,555	137,757	-	-	1,735,312
Buildings and improvements	440,564	25,933	(3,805)	-	462,692
Revenue and non-revenue vehicles and equipment	775,829	73,298	(26,808)	-	822,319
Furniture, fixtures, and Leasehold improvements	74,820	11,688	(1,247)	-	85,261
Total accumulated depreciation	2,888,768	248,676	(31,860)	-	3105,584
Depreciable assets, net	3,344,052	(248,676)	-	52,630	3,148,006
Total capital assets	$4,189,759	$(17,492)	$ (309)	$ -	$4,171,958

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Changes in capital assets for the years ended September 30, 2019 are shown as follows:

	Beginning Oct. 1, 2018	Additions	Disposals	Net Transfers/ Adjustments	Ending Sept. 30, 2019
Non-Depreciable Assets					
Land and right-of-way	$ 619,043	$ -	$ (447)	$ -	$ 618,596
Capital projects in progress	93,435	200,117	-	(66,441)	227,111
Total non-depreciable assets	712,478	200,117	(447)	(66,441)	845,707
Depreciable Assets					
Transitways	4,050,153	-	-	4,296	4,054,449
Buildings and improvements	750,296	-	-	3,352	753,648
Revenue and non-revenue vehicles and equipment	1,302,474	-	(13,675)	38,814	1,327,613
Furniture, fixtures, and Leasehold improvements	77,131	-	-	19,979	97,110
Total depreciable assets	6,180,054	-	(13,675)	66,441	6,232,820
Less accumulated depreciation					
Transitways	1,460,616	136,939	-	-	1,597,555
Buildings and improvements	415,950	24,614	-	-	440,564
Revenue and non-revenue vehicles and equipment	712,473	76,951	(13,595)	-	775,829
Furniture, fixtures, and Leasehold improvements	66,197	8,623	-	-	74,820
Total accumulated depreciation	2,655,236	247,127	(13,595)	-	2,888,768
Depreciable assets, net	3,524,818	(247,127)	(80)	66,441	3,344,052
Total capital assets	$4,237,296	$ (47,010)	$ (527)	$ -	$4,189,759

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Buildings and improvements	20-30
Buses and equipment	4-12
Furniture, fixtures, and leasehold improvements	3-10
Facilities and transitways (LRT System and HOV lanes)	20-30
Light rail transit vehicles and commuter rail vehicles	25
Rebuilt/Remanufactured rail cars	10

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND REPAYMENT DUE TO STATE COMPTROLLER

Accounts payable and accrued liabilities at September 30 are as follows:

Description	2020	2019
Accounts payable and accrued liabilities		
Payroll	$ 15,287	$ 11,050
Accrued paid time off, vacation and sick leave	29,906	27,304
Self-insurance liabilities	20,964	20,538
Other operating liabilities	34,167	39,192
Total operating expense related	100,324	98,084
Non-operating expense and capital related	43,211	32,669
Total accounts payable and accrued liabilities	143,535	130,753
Non-current	40,172	41,066
Current	$103,363	$ 89,687

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

The Texas State Comptroller collects the 1% sales and use tax from taxpayers for DART. Sales and use tax revenues are subject to audits by the State Comptroller, which sometimes results in repayments to the State. Outstanding repayments and changes in the repayments due to the State Comptroller at September 30 are as follows:

Description	2020	2019
Beginning balance	$6,103	$6,927
Additions	4,096	-
Payments	(412)	(824)
Ending balance	9,787	6,103
Non-current	8,394	5,279
Current	$1,393	$ 824

8. ACCRUED PAID TIME OFF (PTO) VACATION AND SICK LEAVE

Changes in accrued PTO, vacation, and sick leave for the years ended September 30 are shown in the following table.

Description	2020	2019
Beginning balance	$27,304	$27,234
Additions	4,183	1,757
Payments	(1,581)	(1,687)
Ending balance	$29,906	$27,304
Amounts due in one year	$ 4,520	$ 1,599

9. LOCAL ASSISTANCE PROGRAMS

i. In 1989, DART created a Local Assistance Program (LAP) to provide technical and financial assistance to cities for the implementation of projects to reduce traffic congestion and complement bus and public transit operations. Eligible member jurisdictions are responsible for developing and submitting projects to DART for approval in order to receive distribution of these funds. According to the terms of inter-local agreements, DART allocated a percentage of its annual sales and use tax collections for the LAP program. Eligible member jurisdictions received 15% of the estimated sales and use taxes collected within that jurisdiction, except Irving, which received 7.5%. Dallas, University Park, and Highland Park were not eligible. The LAP program ended in 2004. Accrued but unpaid funds were carried over to succeeding years and were recorded as a liability on the accompanying Statements of Net Position.

Changes in Local Assistance Program Payable for the two years ended September 30, 2020 and 2019 are as follows:

Description	2020	2019
Beginning balance	$583	$583
Payments	-	-
Ending balance	$583	$583

ii. Transit Related Improvement Program – In January 2017, DART created a Transit Related Improvement Program (TRIP). This program will provide alternative mobility benefits to eligible non-rail cities by funding transit related improvement projects. Eligible municipalities are Cockrell Hill, Glenn Heights, Highland Park, and University Park. The maximum amount of annual DART funding for any municipal project is 21% of the annual projected DART sales tax revenue from such city. To be eligible for reimbursement, a project must be authorized under and consistent with the provisions of Chapter 452 of the Texas Transportation Code. Particular consideration and weight are given to projects that enhance transportation modes provided by DART, public transit safety, ridership or efficiency anywhere in the DART service area, and innovative approaches to public transportation. The TRIP program will end on September 30, 2025. Under the TRIP program, DART paid $2,551 to eligible non-rail cities during fiscal year 2020 compared to $5,484 paid during 2019.

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10. FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

DART has entered into lease transactions in which certain capital assets are leased to investors (headlease) and simultaneously leased back (sublease). As of September 30, 2020, DART has only one outstanding lease/lease back obligation. Under this transaction, DART maintains the right to continued use and control of the assets through the end of the lease term and is required to insure and maintain the assets. The headlease and sublease has been recorded as a capital lease/leaseback for accounting purposes. The following table shows the DART capital lease/leaseback transaction that is outstanding as of September 30, 2020.

Lease Date	Property	Fair Value at Closing Date	Prepayment Received on Head Lease	Amount Invested to Satisfy Sublease Obligation	Cash Benefit	Repurchase Option Date	Sublease Termination Date
9/28/2000	28 Light rail cars	$91,000	$91,000	$84,000	$7,000	01/02/23	12/15/23

The sublease provides DART with an opportunity, at its sole discretion, to repurchase equipment on specified dates. As these dates approach, DART will complete a financial analysis to determine if it is financially beneficial to repurchase the equipment. At this point in time, DART anticipates that it will exercise the repurchase option at the specified date and has reflected this option in the amortization.

The following table shows the book value of the light rail cars under the lease/lease back agreement as of September 30, 2020 and 2019.

Lease Date	Property	Book value as of 9/30/2020	Book value as of 9/30/2019
9/28/2000	28 Light rail cars	$12,849	$15,908

The net present value of the future sublease payments has been recorded as both a short-term and long-term liability in the accompanying Statements of Net Position. Prepayments received from the headlease were invested to satisfy the sublease obligations. Since the investments have been structured to meet all future obligations under the sublease when due, the investment balances have been recorded to equal the sublease liabilities on the accompanying Statements of Net Position. The benefits from these transactions, net of transaction costs, were recorded as non-operating revenues in the Statements of Revenues, Expenses, and Changes in Net Position in the fiscal year each transaction occurred.

The capital lease/leaseback liabilities are reported as follows on the Statements of Net Position:

	2020	2019
Amounts due within one year	$6,374	$6,374
Amounts due in more than one year	112,342	109,813
Total	$118,716	$116,187

The lease/leaseback transaction has specific performance requirements for DART when the financial rating of the Payment Undertaker insurer falls below a specified level. During fiscal year 2010, credit rating of the financial institution insuring DART's lease/leaseback transaction was downgraded below levels specified in the lease/leaseback agreement. As a result, DART entered into an amended agreement to reset the acceptable credit rating to be maintained at or above BBB. DART also entered into an additional Equity Security Agreement that requires it to set aside certain investments as security. As of September 30, 2020, DART has set aside $4,616 compared to $5,742 as of September 30, 2019 for this purpose. These amounts are shown as restricted investments held as security for lease/lease back liabilities in the Statements of Net Position.

As of September 30, 2020, DART has only one outstanding lease/lease back obligation. Changes in the capital lease/lease back obligations for the years ended September 30 are shown below:

Description	2020	2019
Beginning balance	$116,187	$113,866
Accrued interest	8,903	8,695
Payments	(6,374)	(6,374)
Ending Balance	$118,716	$116,187

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The following schedule shows future minimum sublease payments as of September 30, 2020 for the outstanding lease capital lease/leaseback transaction.

Year Ending September 30	Minimum Sublease Payments
2021	$ 6,374
2022	18
2023	126,629
2024	8,663
Total minimum sublease payments due under capital lease/leaseback	141,684
Less: amount representing interest	(22,968)
Present value of minimum sublease payments	$118,716

11. SENIOR SUBORDINATE LIEN SALES TAX REVENUE COMMERCIAL PAPER NOTES PAYABLE

In January 2001, the DART Board approved the issuance of up to $650 million of Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes under the provisions of the Master Debt Resolution.

Commercial Paper Self-Liquidity Program – in June 2014, the DART Board approved a new Commercial Paper Self-Liquidity Program that allowed DART to issue up to $200 million in commercial paper notes backed by self-liquidity. Under this program, DART provides self-liquidity in an aggregate principal amount of $200 million and 90 days interest calculated at an interest rate 12% of the outstanding commercial paper debt. DART also maintains at least 2.0 times the debt service coverage amount for the self-liquidity commercial paper notes and ensures that no more than $35 million of the commercial paper notes mature within five days. In September 2018, the DART Board authorized the reduction of the self-liquidity backed commercial paper program from $200 million to $125 million for the purpose of reducing the coverage requirement. During fiscal year 2020 and 2019, DART has complied with these requirements of the self-liquidity program.

As of September 30, 2020, DART had $50 million in outstanding commercial paper notes payable and $45 million unused line of credit under the Commercial Paper Self-Liquidity Program compared to $80 million outstanding as of September 30, 2019.

Bank-backed Commercial Paper Program – in November 2018, the DART Board authorized the establishment of bank-backed commercial paper program in the amount of $125 million for the purpose of interim financing of capital projects. DART entered into a revolving credit agreement with JPMorgan Chase Bank N.A that allows it to issue up to $125 million in bank backed commercial paper notes. Under this program, the Bank provides a liquidity facility which constitutes 270 days of interest at 10% on the maximum available principal of $125 million calculated based on actual number of days and a 365-day year. As of September 30, 2020, DART has an unused line of credit of $101 million and $24 million in outstanding commercial paper notes issued under this bank-backed program.

Commercial Paper Extendible Program – the DART Board approved a Commercial Paper Extendible Program that allows DART to issue up to $125 million in commercial paper notes not to exceed 270 days outstanding and backed by the faith and credit of DART. As of September 30, 2020, DART has an unused line of credit of $125 million and zero outstanding commercial paper notes issued under the extendible program.

Commercial paper notes are from direct placements and are issued in blocks for terms from 1 to 270 days and recorded as current liabilities on the Statements of Net Position. The average interest rate on outstanding commercial paper was 0.90% at September 30, 2020, and 1.31% at September 30, 2019. Changes in the Commercial Paper Notes for the years ended September 30, 2020 and 2019 are shown below.

Description	2020	2019
Beginning balance	$159,100	$125,000
Additions	466,000	754,100
Retirement	(551,000)	(720,000)
Ending Balance	$74,100	$159,100

DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for commercial paper notes. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Commercial paper notes have subordinate liens to pledged revenue. Senior Lien Revenue bonds, TIFIA bonds, and RRIF bonds have senior liens to pledged revenues. No assets have been pledged as collateral to secure commercial paper notes except for money accumulated in the Subordinate Lien Debt Service Fund which was $198 as of September 30, 2020 and $246 as of September 30, 2019. The Master Debt Resolution, which can be found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for, DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply them to debt service payments based on the times, order and priority set forth in The

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Master Debt Resolution. In the event of default, The Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

12. SENIOR LIEN REVENUE BONDS

The DART Board has approved several issuances in accordance with the Master Debt Resolution. These bonds are Senior Lien Revenue Bonds that are secured by, and payable from pledged revenues. Pertinent information related to each bond outstanding is shown below:

Bond Series	Board Approval Date	Original Issue Amount	Date issued	Interest rate (Yields) range From	Interest rate (Yields) range To	Maturity date range From	Maturity date range To	Optional Redemption: Bonds maturing after	Optional Redemption: Earliest call date
2007 (a)	Jan. 2007	$770,270	03/08/07	4.00%	5.30%	12/1/07	12/1/36	12/1/17	12/1/16
2008 (b)	Apr. 2008	731,415	06/23/08	4.50%	5.30%	12/1/09	12/1/48	12/1/18	12/1/17
2009A	May 2009	170,385	06/25/09	2.80%	4.30%	12/1/14	12/1/22	12/1/19	6/1/19
2009B	May 2009	829,615	06/25/09	6.00%	6.30%	12/1/23	12/1/44	12/1/34	5/31/19
2010A	Sep. 2010	95,235	10/07/10	2.00%	5.00%	12/1/13	12/1/23	12/1/21	12/1/20
2010B	Sep. 2010	729,390	10/07/10	4.90%	5.00%	12/1/37	12/1/48	Not applicable	
2012	April 2012	127,775	11/15/12	1.00%	5.00%	12/1/13	12/1/42	12/1/22	12/1/22
2014A (c)	Oct. 2014	379,480	12/11/14	2.00%	5.00%	12/1/17	12/1/36	12/1/25	12/1/24
2014B (c)	Nov. 2014	46,555	12/11/14	5.00%	5.30%	12/1/33	12/1/43	12/1/36 & 12/1/43	12/1/33 & 12/1/39
2015 (d)	Nov. 2015	117,470	12/15/15	2.06%	2.30%	12/1/16	12/1/27	Not applicable	
2016A (e)	Nov. 2015	482,530	02/18/16	5.00%	5.00%	12/1/26	12/1/48	12/1/25	12/1/25
2016B (f)	Mar. 2016	228,900	09/21/16	3.00%	5.00%	12/1/19	12/1/38	12/1/27	12/1/26
2019 (g)	Feb. 2019	301,095	04/08/19	5.00%	5.00%	12/1/24	12/1/35	12/1/30	12/1/29
2020A (h)	Dec. 2019	130,470	03/26/20	1.25%	5.00%	12/1/21	12/1/50	Not applicable	
2020B (i)	Dec. 2019	32,060	09/02/20	5.00%	5.00%	12/1/21	12/1/23	Not applicable	
2020C (j)	Dec. 2019	115,220	03/26/20	0.895%	2.816%	12/1/20	12/1/42	Not applicable	

a) The series 2007 bond issuance included $328,235 to partially refund Series 2001 and 2002 bonds.
b) The Series 2008 bonds maturing after December 1, 2018 are subject to optional redemption.
(c) The series 2014A and 2014B were issued to refund series 2007 and 2008 bonds totaling $453,125.
(d) The series 2015 were issued to refund a portion of series 2007 bonds totaling $112,720. The Series 2015 bonds were issued with an initial taxable rate of $2.30% converting to tax-exempt rate of 2.06% on 12/01/2016.
(e) The series 2016A were issued to refund a portion of series 2008 bonds totaling $512,370.
(f) The series 2016B were issued to refund a portion of series 2007, 2008, and 2009A bonds totaling $252,440.
(g) The series 2019 were issued to refund a portion of series 2009B bonds totaling $362,645.
(h) The series 2020A were issued to refund a portion of TIFIA bonds totaling $58,389 and to finance capital projects.
(i) The series 2020B were issued to refund a portion of series 2010A bonds totaling $34,700.
(j) The series 2020C were issued to refund a portion of series 2012 bonds totaling $105,835.

In June 2009, DART issued and sold $170,385 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2009A Bonds), and $829,615 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2009B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2009B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA).

In October 2010, DART issued and sold $95,235 in tax exempt Senior Lien Sales Tax Revenue Bonds (Series 2010A Bonds), and $729,390 in taxable Senior Lien Sales Tax Revenue Bonds (Series 2010B Bonds) to finance capital expenditures for DART's system expansion and acquisition. The Series 2010B bonds are taxable bonds issued under the Build America Bond program of the American Recovery and Reinvestment Act of 2009 (ARRA).

In accordance with ARRA, DART receives a tax credit from the United States Treasury in amounts equal to 35% of the interest payable amount on the Series 2009B and 2010B Bonds. However, during fiscal years 2020 and 2019, this tax credit was reduced by 5.9% and 6.2% due to budget cuts or "sequestration" by the federal government. During 2020, DART recorded tax credits of $21,390 compared to $25,021 for 2019 as Build America Bonds tax credit (for Series 2009B and 2010B bonds combined) in the Statements of Revenues, Expenses and Changes in Net Position.

Additional bonds may not be issued unless gross sales and use tax revenues exceed maximum debt service by at least 200% for 12 of the last 18 months.

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Changes in revenue bonds (shown at par) for the years ended September 30, 2020 and 2019 are shown below.

Bond Series	Balance, 9/30/2018	Additions	Retirement	Balance, 9/30/2019	Additions	Retirement	Balance, 9/30/2020	Amounts due in one year
2007	$118,395	$ -	$ -	$118,395	$ -	$ -	$118,395	$ -
2008	9,400	-	(9,400)	-	-		-	-
2009A	18,765	-	(18,765)	-	-		-	-
2009B	829,615	-	(362,645)	466,970	-		466,970	-
2010A	57,230	-	(1,535)	55,695	-	(50,420)	5,275	5,275
2010B	729,390	-	-	729,390	-	-	729,390	-
2012	116,490	-	(2,495)	113,995	-	(105,455)	8,540	2,745
2014A	367,370	-	(12,935)	354,435	-	(15,220)	339,215	22,505
2014B	46,555	-	-	46,555	-	-	46,555	-
2015	105,405	-	(11,010)	94,395	-	(5,440)	88,955	10,185
2016A	482,530	-	-	482,530	-	-	482,530	-
2016B	228,900	-	-	228,900	-	(18,760)	210,140	19,700
2019	-	301,095	-	301,095		-	301,095	-
2020A					130,470		130,470	-
2020B					32,060		32,060	-
2020C					115,220		115,220	1,530
Total	$3,110,045	$301,095	$(418,785)	$2,992,355	$277,750	$(195,295)	$3,074,810	$61,940

The revenue bonds shown above are at face value. The amounts shown in the Statements of Net Position include the unamortized balance of original issuance premium of $235,571 and $226,611 as of September 30, 2020 and 2019, respectively. Below is a summary of debt service requirements of the Senior Lien Revenue Bonds outstanding as of September 30, 2020:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2021	$61,940	$144,984	$206,924	$(21,201)	$185,723
2022	65,430	142,386	207,8156	(21,201)	186,615
2023	68,330	139,742	208,072	(21,201)	186,871
2024	48,610	137,932	186,542	(22,531)	164,011
2025	70,235	136,097	206,332	(22,531)	183,801
2026 – 2030	394,315	633,025	1,027,340	(112,654)	914,686
2031– 2035	499,290	529,200	1,028,490	(112,654)	915,836
2036 – 2040	675,345	385,030	1,060,375	(97,938)	962,437
2041 – 2045	739,400	210,440	949,840	(51,413)	898,427
2046 – 2050	446,970	46,108	493,078	(9,870)	483,208
2050	4,945	74	5,019	-	5,019
TOTAL	$3,074,810	$2,505,018	$5,579,828	$(493,194)	$5,086,634

DART has pledged sales and use tax and farebox revenues (pledged revenue) as security for Senior Lien Revenue bonds. The amount of the pledge is equal to the remaining debt service requirements for these obligations. Senior Lien Revenue bonds have senior lien to pledged revenue on parity with TIFIA bonds, and RRIF bonds. No assets have been pledged as collateral to secure the Senior Lien Revenue bonds except for money accumulated in the Senior Lien Debt Service Fund which was $123,111 as of September 30, 2020 and $119,357 as of September 30, 2019. The Master Debt Resolution, which can found in its entirety at www.dart.org or by contacting our Chief Financial Officer at our corporate address, establishes the provisions, terms, and conditions of, and the security for DART's bonds, notes, and credit agreements. The Master Debt Resolution contains a provision that in an event of default, the trustee shall transfer all future gross sales tax revenues and apply to them to debt service payments based on the times, order and priority set forth in The Master Debt Resolution. In the event of default, The Master Debt Resolution also contains a provision that no right of acceleration shall be granted unless that right is extended to holders and payees of all outstanding bond and credit agreement obligations.

13. TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) BONDS

On December 13, 2012, DART entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement with the U.S Department of Transportation. Under this agreement, DART issued a Senior Lien Obligation bond to borrow up to $119,972 from the U.S Department of Transportation at an interest rate of 2.91%. The proceeds from the bond were used to pay for the cost of the third phase of DART's light rail Orange Line extension project, which extended DART's light rail service from Irving to the Dallas Fort Worth International Airport. DART received $45,000 during fiscal year 2013, $55,000 during fiscal year 2014, and $5,000 during fiscal year 2015. Since the project cost is lower than budget, DART borrowed only $105,000 instead of the maximum amount of $119,972 allowed in the agreement. The TIFIA bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations. On March 26, 2020, DART refunded $58,389 of the outstanding TIFIA bonds.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

The table below summarizes debt service requirements of the TIFIA bonds as of September 30, 2020:

Year Ended September 30	Principal	Interest	Total TIFIA Bond Debt Service
2021	$2,279	$2,772	$5,051
2022	-	2,742	2,742
2023	-	2,742	2,742
2024	-	2,745	2,745
2025	-	2,739	2,739
2026 – 2030	-	13,711	13,711
2031 – 2035	-	13,711	13,711
2036 – 2040	-	13,714	13,714
2041 – 2045	21,431	12,134	33,565
2046 – 2048	14,414	4,882	19,296
TOTAL	$38,124	$71,892	$110,016

The annual debt service requirements for the TIFIA bond range from $6,716 in fiscal year 2047 to $2,729 in fiscal year 2025.

14. RAILROAD REHABILITATION AND IMPROVEMENT FINANCING (RRIF) BONDS

On December 20, 2018 DART entered into the Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the U.S Department of Transportation. Under this loan agreement, DART will issue a Senior Lien Obligation bond to borrow up to $908 million from the U.S Department of Transportation. The proceeds from the bond will be used to pay for the 26-mile Silver Line commuter rail line extending from Terminal B of Dallas/Fort Worth International Airport to a terminus in Shiloh Road in the City of Plano, with 10 stations and 8 vehicles. The current estimate of eligible project costs for the RRIF loan is approximately $1.24 billion. The RRIF financing agreement is reimbursement-based and DART will request reimbursement (draw down) after paying for the capital project costs. The expected draw down are as follows:

Year Ended September 30	Principal
2021	$168,654
2022	496,104
2023	231,536
Total	$896,294

The RRIF bond is a Senior Lien Obligation and is secured by and payable from Pledged Revenues on parity with other Senior Lien Obligations. The interest rate on the RRIF bond is 2.98% and is fixed for the term of the loan. DART currently working with the FRA to reset the interest rate, drawdown and principal payment schedules. The following table summarizes estimated debt service requirements of the RRIF financing agreement executed on December 20, 2018 based on the $11,706 that is currently owed to FRA. The amounts and timing of the debt service for the RRIF Bond are subject to change depending on the amount and timing of the draw down.

Year Ended September 30	Principal	Interest	Total RRIF Bond Debt Service
2021	$ -	$303	$303
2022	-	8,712	8,712
2023	-	16,436	16,436
2024	-	18,185	18,185
2025	-	18,135	18,135
2026 – 2030	-	90,800	90,800
2031 – 2035	20,000	90,001	110,001
2036 – 2040	115,524	84,375	199,899
2041 – 2045	175,402	68,667	244,069
2046 – 2048	203,142	49,794	252,936
2049 – 2054	235,268	27,912	263,180
2055 - 2058	158,664	4,826	163,490
TOTAL	$908,000	$478,146	$1,386,146

The annual projected debt service requirements for the RRIF bond range from $303 in fiscal year 2021 to $55,994 in fiscal year 2058.

15. PLEDGED REVENUES

DART has pledged sales and use tax and farebox revenues as security for revenue bonds, TIFIA bonds, RRIF bonds, and commercial paper debts. The amount of the pledge is equal to the remaining debt service requirements for these obligations. These obligations were issued to pay for DART's system expansion and acquisition costs. The pledge continues for the remaining life of these obligations.

Total principal and interest remaining on the revenue bonds as of September 30, 2020 is $5.58 billion before BABs tax credits of $493 million and $5.09 billion net of BABs tax credits (see last table in note 12 above). As of September 30, 2019, total principal and interest remaining on the revenue bonds was $5.63 billion before BABs tax credits of $514 million and $5.12 billion net of BABs tax credits. The annual debt service requirements for these bonds, net of BABs tax credits, range from $5,019 in fiscal year 2051 to $221,445 in fiscal year 2036. Debt service on the bonds (including principal and interest net of BABs tax credits) was $189,493 as of September 30, 2020 and $186,515 as of September 30, 2019. Bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on TIFIA bonds as of September 30, 2020 is $110,016 and $145,890 as of September 30, 2019. The annual debt service requirements for the TIFIA bonds range from $2,739 in fiscal year 2039 to $6,716 in fiscal year 2047. For fiscal year 2020, debt service on the TIFIA bonds (including principal and interest) was $4,632. TIFIA bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest outstanding on the RRIF bonds as of September 30, 2020 is $11,823. The estimated annual debt service requirements for the RRIF bonds range from $303 in fiscal year 2021 to $54,489 in fiscal year 2057. For fiscal year 2020, debt service on the RRIF bonds was $350 (interest only). RRIF bonds have a senior lien on pledged revenues on parity with other senior lien bonds.

Total principal and interest remaining on commercial paper as of September 30, 2020 is $74,115 compared to $159,189 as of September 30, 2019. Interest payments on commercial paper notes were $2,137 in FY20 and $1,776 in FY19. Commercial Paper notes have a subordinate senior lien on pledged revenues.

16. DEBT REFUNDINGS

In December 2014, DART issued the Series 2014A and 2014B bonds to refund a portion of Series 2007 and 2008 bonds. As a result, the Series 2007 and 2008 bonds in the total amount of $453,125 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2014 refunding, DART recognized a book loss of $29,477, a reduction in debt service of $51,446 and an economic gain of $35,555.

In December 2015, DART issued the Series 2015 bonds to refund a portion of Series 2007 bonds. As a result, the Series 2007 bonds in the total amount of $112,720 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2015 refunding, DART recognized a book loss of $2,537, a reduction in debt service of $17,173 and an economic gain of $15,027.

In February 2016, DART issued the Series 2016A bonds to refund a portion of Series 2008 bonds. As a result, the Series 2008 bonds in the total amount of $512,370 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2016A refunding, DART recognized a book loss of $47,493, a reduction in debt service of $90,144 and an economic gain of $49,263.

In September 2016, DART issued the Series 2016B bonds to refund a portion of Series 2007, 2008 and 2009A bonds. As a result, a total amount of $252,440 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2016B refunding, DART recognized a book loss of $8,764, a reduction in debt service of $62,098 and an economic gain of $44,534.

In February 2019, DART issued the Series 2019 bonds to refund a portion of Series 2009B bonds. As a result, a total amount of $362,645 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of the 2019 refunding, DART recognized a book loss of $2,086, a reduction in debt service of $56,452 and an economic gain of $44,291.

In March 2020, DART issued the Series 2020A bonds to refund a portion of TIFIA bonds. As a result, a total amount of $58,389 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of this refunding, DART recognized a reduction in debt service of $6,119 and an economic gain of $4,986. There was no book loss with this refunding.

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In March 2020, DART issued the Series 2020C bonds to refund a portion of series 2012 bonds. As a result, a total amount of $10,835 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of this refunding, DART recognized a book loss of $11,571, a reduction in debt service of $25,119 and an economic gain of $19,066.

In September 2020, DART issued the Series 2020B bonds to refund a portion of series 2010A bonds. As a result, a total amount of $34,700 are defeased and the liability for those bonds, and the corresponding assets in the trust account have been removed from DART's Statements of Net Position. As a result of this refunding, DART recognized a book gain of $390, a reduction in debt service of $3,379 and an economic gain of $3,313.

As of September 30, 2020, $137,535 of the refunded DART bonds remains outstanding compared to the bonds refunded in 2019 of which none remain outstanding as of September 30, 2019. The unamortized portion of the book loss of $61,926 and $60,911, respectively, are in the Statements of Net Position included in deferred outflows of resources as of September 30, 2020 and 2019.

17. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

DART operates several employee benefit plans. The plans include DART Employees' Defined Benefit Plan (formerly the Dallas Transit System [DTS] pension plan), DART Retirement Plan, and DART Capital Accumulation Plan and Trust. DART is the administrator of these retirement plans and has the authority to establish and amend the plans.

Defined Benefit Plan

Plan description. The DART Employees Defined Benefit Retirement Plan and Trust (the DB Plan) is a single-employer defined benefit pension plan that was designed to provide retirement, death, and disability benefits to certain employees of DART. On October 1, 1995, the DTS Employees Retirement Plan (Plan A) was amended to become the DB Plan. Participants of the DB Plan are those employees who were members of the former plan on September 30, 1995. Those employees who elected to be covered under Plan A have eligibility, vesting, and benefit provisions different from those who elected the DB Plan. The DB Plan is a closed Plan and is not open to new employees.

Contributions. Contributions to the DB Plan, as stipulated by the "Sale, Purchase, and Transfer Contract Between the City of Dallas and Dallas Area Rapid Transit," are based upon Dallas Area Rapid Transit's agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412. An actuary determines the contribution amount that DART pays to the plan each year. Participants who were in the Plan on September 30, 1995 are required to contribute 3% of their base monthly salaries to the Plan. Other participants are not required to contribute to the DB Plan. DART's contribution amount is actuarially determined on an annual basis. Actual contributions made to the DB Plan during the years ended September 30, 2020 and 2019 are as follows:

	2020	2019
Employer contributions	$10,000	$10,000
Employee contributions	1	2
	$10,001	$10,002

Benefit terms:
Participants under the provisions of Original Plan A may elect normal retirement at age 60 or at the date at which the sum of their credited service and age equals 90. Participants who elected to remain under the provisions of the original plan receive monthly benefits equal to 2% times the years of credited service multiplied by the participant's final average monthly compensation. Participants in Amended Plan A are entitled to monthly benefits equal to: 2% times the number of years of credited service up to October 1, 1983; plus 1.5% times the number of years of credited service after October 1, 1983; times the participant's final average monthly compensation. A participant may elect early retirement at age 55 with 10 years of service (30 years of service for participants under the Original Plan A). Monthly income under this election will equal normal retirement benefits reduced by 5/12 of 1% for each full month by which the participant's early retirement date precedes the normal retirement date.

Cost of living adjustments. Annually each monthly retirement payment made to or on behalf of a retired participant, or a beneficiary, shall be subject to a cost of living adjustment. Such adjustment in any year shall only be made with respect to the benefits of persons whose immediate entitlement to benefits commenced prior to such year. The adjustment, up or down, shall be applied to each benefit so payable, except that in the case of commuted amounts and/or lump sum settlements no account shall be taken of future changes in cost of living adjustment occurring after the date as of which such settlement is made. The adjustment, up or down, shall for any year result in a percentage change in the base benefit.

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Employees covered by the benefit terms. The following participants were covered by the benefit terms as of October 1, 2019 and 2018:

	10/1/2019	10/1/2018
Inactive employees or beneficiaries currently receiving benefits	811	796
Inactive employee entitled to but not yet receiving benefits	137	141
Active employees	179	212
	1,127	1,149

Actuarial Assumptions – The total pension liability in the September 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to the periods included in the measurement:

Valuation Dates	September 30, 2019
Inflation	2.5% per annum
Salary Increases	3.00% per annum
Investment Return	6.75% compounded annually, net of expenses
Measurement Date	For the September 30, 2019 valuation, census data was collected as of October 1, 2018. Liabilities measured as of the census date were projected to September 30, 2019, assuming no demographic gains or losses.
Early Retirement Age	55 and 10 years of credited service
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)
Mortality Rate:	
Active Lives	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2019.
Retired and Vested Terminated Lives	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2019.
Contingent Survivor Lives	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2019.
Disabled Lives	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2019.

Valuation Dates	September 30, 2018
Inflation	2.5% per annum
Salary Increases	3.00% per annum
Investment Return	6.75 compounded annually, net of expenses
Measurement Date	For the September 30, 2018 valuation, census data was collected as of October 1, 2017. Liabilities measured as of the census date were projected to September 30, 2018, assuming no demographic gains or losses.
	For the September 30, 2018 valuation, census data was collected as of October 1, 2017. Liabilities measured as of the census date were projected to September 30, 2018, assuming no demographic gains or losses.
Mortality Rate Active Lives	PubG-2010 (Below-median, amount-weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2018.
Mortality Rate Retiree and Vested Terminated Lives	PubG-2010 (Below-median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2018.
Mortality Rate Contingent Survivor Lives	PubG-2010 (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2018.
Disability Mortality	PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2018.
Early Retirement Age	55 and 10 years of credited service
Normal Retirement Age	60
Actuarial Cost Method	Entry Age Normal (level percent of pay)

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2019 and 2018 are summarized in the following table (note that the rates shown below include the inflation components):

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

September 30, 2019 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	4.40%
Global Bonds	40%	1.40%
International Equities	10%	5.60%
Real Estate	10%	7.10%
Cash	1%	-0.10%

September 30, 2018 Valuation	Target Allocation	Estimate of expected long-term rate of return
U.S. Market Equities	39%	3.60%
U.S. Market Fixed Income	40%	1.90%
International Equities	10%	5.30%
Real Estate	10%	6.10%
Cash	1%	0.30%

The long-term expected rate of return on pension 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 pension 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.

Discount rate. The discount rate used to measure the total pension liability was 6.75% at September 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension 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 Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 3.58% (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Bond Buyer); and the resulting single discount rate is 6.75%. The next table summarizes changes in Net Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 9/30/2018	$225,253	$180,355	$44,898
Service cost	988	-	988
Interest	14,795	-	14,795
Differences between expected and actual experience	1,920	-	1,920
Changes in assumptions	5,326		5,326
Benefit payments	(14,107)	(14,107)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	2	(2)
Net investment income, net of expenses	-	10,679	(10,679)
Administrative expenses	-	(84)	84
Balance at 9/30/2019	$234,175	$186,845	$47,330
Service cost	859	-	859
Interest	15,350	-	15,350
Differences between expected and actual experience	1,480	-	1,480
Changes in assumptions	-		-
Benefit payments	(15,256)	(15,256)	-
Contributions-employer	-	10,000	(10,000)
Contributions-employee	-	1	(1)
Net investment income, net of expenses	-	4,267	(4,267)
Administrative expenses	-	(274)	274
Net Changes	2,433	(1,262)	3,695
Balance at 9/30/2020	$236,608	$185,583	$51,025

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Changes of assumptions:
For measurement date of 09/30/2019, the assumed rates of mortality have been amended to adopt the Pub-2010 Public Retirement Plan mortality Tables for General Employees (Below-Median, Amount-Weighted) which were released with an exposure draft based on a comprehensive review of recent mortality experience of public retirement plans in the United State as performed by The Society of Actuaries' Retirement Plans Experience Committee.

*Sensitivity of the net pension liability to changes in discount rate***.** The following presents the net pension liability of DART, calculated using the discount rate of 6.75% at September 30, 2020 and 2019, as well as what 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
DART's net pension liability, 9/30/2020	$74,440	$51,025	$30,912
DART's net pension liability, 9/30/2019	$70,952	$47,330	$27,056

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued DART Employees Defined Benefit Retirement Plan and Trust financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2020, DART recognized pension expense of $7,574 compared to $12,310 for fiscal year 2019.

At September 30, 2020, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	4,535	-
Employer contribution made after measurement date	10,000	-
Total	$14,535	$ -

The $10,000 reported as deferred outflows of resources resulting from DART pension contributions subsequent to the measurement date of September 30, 2019 will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year ended September 30:	
2021	$(33)
2022	1,033
2023	1,903
2024	1,632
2025	-
Thereafter	-

At September 30, 2019, DART reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,586
Employer contribution made after measurement date	10,000	-
Total	$10,000	$1,586

The $10,000 reported as deferred outflows of resources resulting from DART pension contributions subsequent to the September 30, 2018 measurement date was recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension were recognized in the pension expense as follows:

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Year ended September 30:

2020	$407
2021	(1,665)
2022	(599)
2023	271
2024	-
Thereafter	-

Additional trend information for the DB Plan can be obtained by writing to the DB Plan, Dallas Area Rapid Transit, P.O. Box 660163, Dallas, Texas 75266-7240.

DART Retirement Plan

DART has adopted a defined contribution retirement plan for all employees not covered by the pension plans described above. DART contributes an amount equal to 7.7% of each participant's annual compensation to the plan. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $18,514 and $18,582 for the years ended September 30, 2020 and 2019, respectively.

DART Capital Accumulation Plan – 401(k)

DART has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k), which allows employees to contribute up to 50% of their annual compensation to the plan subject to the annual contribution limits of the Internal Revenue Service. DART matches 50% of the employee's contribution up to a maximum of 3% of the employee's annual compensation. Participants hired before January 1, 2006 are vested in 25% of DART's contributions after two years of service, graduating to 100% vesting after five years. Participants hired after December 31, 2005 become 100% vested in DART's contributions to the Plan only after completing five years of service. Total expense to DART to fully fund this plan was approximately $6,561 and $6,063 for the years ended September 30, 2020 and 2019, respectively.

Annual financial statements for each of the three retirement plans discussed above may be obtained by contacting the Chief Financial Officer at Dallas Area Rapid Transit, 1401 Pacific Avenue, P.O. Box 660163, Dallas, TX 75266-7220.

18. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS

Plan Description – DART administers a single-employer defined benefit of other post-employment benefits (OPEB) Plan. The plan provides healthcare and life insurance for eligible retirees and their spouses through DART's group health plan and group life plan, which covers both active employees and retired members. Eligibility criteria for the post-employment health care and life insurance benefits are as follows: Participants of the defined benefit pension plan will be eligible at age 55 with a minimum of ten years of service to DART. Participants of the defined contribution pension plan will be eligible at age 60 with a minimum of ten years of service to DART. The plan does not issue separate stand-alone financial reports.

Covered Participants – As of the September 30, 2019 and 2018 actuarial valuation, the following active and inactive participants were covered by the benefit terms under the plan:

	Number of Covered Participants	
	9/30/2019	9/30/2018
Active employees	3,789	3,670
Retirees, beneficiaries, and disabled members	443	336
Total	4,232	4,006

Contributions – DART contributions are made based on amounts required to be funded as determined by annual actuarial valuations and are designed to fund the OPEB Trust on a level cost basis, cover normal cost each year and cover amortization of any unfunded actuarial liabilities. DART's contribution rate was 3.38 percent of covered employee payroll for the year ended September 30, 2019. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost. DART contributed $3,229 to the plan during 2020.

Net OPEB Liability – DART's net OPEB liability was measured as of September 30, 2019 and 2018 and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as of that date.

Actuarial Assumptions – Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Actuarial valuations were performed for the OPEB Plan as of September 30, 2019 and 2018. The following tables show a summary of significant actuarial assumptions:

Valuation Date	September 30, 2019
Discount Rate	7.00%
Inflation	2.5% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 7.50% and ultimate trend rate is 4.00%. Years to ultimate six (6).
Mortality Rate – Non-Special Risk	*Active Lives*: - PubG-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. *Healthy Inactive Lives:* - PubG-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019. *Beneficiaries:* - PubG-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019. *Disabled Lives:* - PubG-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.
Mortality Rate – Special Risk	*Active Lives*: - PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. *Healthy Inactive Lives*: - PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019. *Beneficiaries*: - Pub-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019. *Disabled Lives*: - PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage.
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 25% are assumed to be married at retirement with the spouse electing coverage. Female spouses are assumed to be four (4) years younger than their husbands. Percent of future retirees with coverage who elect coverage on spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2019

Valuation Date	September 30, 2018
Discount Rate	7.00%
Inflation	3% included in health care cost trend
Salary Increases	3.25% per annum
Investment Rate of Return	7.00%
Health Care Cost Trend Rate	Starts with 6.50% and ultimate trend rate is 5.00%. Years to ultimate six (6).
Mortality Rate	RP-2014 Mortality Fully Generational using Projection Scale MP-2017
Future Participation	For future eligible retirees, 56% are assumed to elect medical coverage, while 100% are assumed to elect life coverage.
Eligibility for Coverage	For Defined Benefit Pension Plan participants: age 55 and 10 years of service and for Defined Contribution Pension Plan participants: age 60 and 10 years of service
Dependent coverage	For active employees, 25% are assumed to be married at retirement with the spouse electing coverage. Female spouses are assumed to be four (4) years younger than their husbands. Percent of future retirees with coverage who elect coverage on spouse is 100%. Any potential costs for children have not been considered for valuation purposes.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Measurement Date	September 30, 2018

An actuarial experience study for the OPEB plan was also performed during fiscal year 2019.

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.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for September 30, 2019 valuations:

	Target Allocation	Estimate of expected long-term rates of return
Domestic Equity	39%	6.18%
International Equity	15%	6.25%
Emerging Markets Equity	6%	6.90%
Core Fixed	20%	2.53%
Investment Grade Corporate Debt	5%	3.55%
Emerging Markets debt	5%	4.50%
High Yield	5%	4.31%

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for September 30, 2018 valuations:

	Target Allocation	Estimate of expected long-term rates of return
Domestic Equity	39%	7.50%
International Equity	21%	7.40%
Fixed Income	40%	5.90%

Discount rate. The discount rate used to measure the total OPEB liability was 7.%. The projection of cash flows used to determine the discount rate assumed that DART 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 liability.

*Sensitivity of the net OPEB liability to changes in discount rate***.** The following presents the net OPEB liability of DART as well as what DART's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
DART's Net OPEB liability, 9/30/2020	$13,387	$5,048	$(1,861)
DART's Net OPEB liability, 9/30/2019	20,008	9,948	1,894

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the net OPEB liability of DART, as well as what the DART's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

DART's Net OPEB liability	1% Decrease	Health Care Cost Trend Rates	1% Increase
As of 9/30/2020	(6.50% decreasing to 3.00%)	(7.50% decreasing to 4%)	(8.50% decreasing to 5%)
	$2,380	$5,048	$14,113
As of 9/30/2019	(5.50% decreasing to 4.00%)	(6.50% decreasing to 5%)	(7.50% decreasing to 6%)
	$1,404	$9,948	$20,749

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Changes in Net OPEB Liability: The changes in the total OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at 9/30/2018	$70,691	$49,912	$20,779
Service cost	3,200	-	3,200
Interest	5,129	-	5,129
Differences between expected and actual experience	(4,931)	-	(4,931)
Changes of assumptions or other inputs	(10,289)	-	(10,289)
Contributions-employer	-	-	-
Contributions-participant	-	460	(460)
Net investment income, net of expenses	-	3,650	(3,650)
Benefit payments	(2,920)	(2,920)	-
Administrative expenses	-	(170)	170
Net Changes	(9,811)	1,020	(10,831)
Adjusted Balance at 9/30/2019	60,880	50,932	9,948
Service cost	2,559	-	2,559
Interest	4,338	-	4,338
Differences between expected and actual experience	7,047	-	7,047
Changes of assumptions or other inputs	(8,292)	-	(8,292)
Contributions-employer	-	7,489	(7,489)
Contributions-participant	-	806	(806)
Net investment income, net of expenses	-	2,421	(2,421)
Benefit payments	(3,002)	(3,002)	-
Administrative expenses	-	(164)	164
Net Changes	2,650	7,550	(4,900)
Balance at 9/30/2020	$63,530	$58,482	$5,048

OPEB Expense - For the year ended September 30, 2020, DART recognized OPEB expense of $2,512 compared to $4,167 for the ended September 30, 2019.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2020, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,726	$3,836
Changes of assumptions	1,869	15,373
Net difference between Projected and Actual Earnings on OPEB Plan investments	911	-
Employer contribution made after measurement date	3,229	-
Total	$15,735	$19,209

The $3,229 reported as deferred outflows of resources related to OPEB resulting from DART contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending on September 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

Year ended September 30	
2021	$(804)
2022	(804)
2023	(804)
2024	(755)
2025	(1,099)
Thereafter	(2,517)

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

At September 30, 2019, DART reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,988	$4,384
Changes of assumptions	2,153	9,146
Net difference between Projected and Actual Earnings on OPEB Plan	-	198
Employer contribution made after measurement date	7,489	-
Total	$13,630	$13,728

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

Year ended September 30:	
2020	$(931)
2021	(931)
2022	(931)
2023	(931)
2024	(881)
Thereafter	(2,983)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

OPEB Plan Investments
In accordance with the OPEN Plan's investment policy, the trustee invests in, among others, obligations of the United States or its agencies and instrumentalities, domestic equity, international equity and fixed income investment.

Interest Rate Risk – Interest rate risk is the risk that changes in market 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.

Information about the sensitivity of the fair values of OPEB Plan investments to market interest rate fluctuations as of September 30 is provided in the following tables, which show the distribution of the Plan's investments by maturity.

		Remaining Maturity (in years) as of September 30, 2019			
Investment Type	Total Amount	Less 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years
Cash and cash equivalent	$3,106	$3,106	$ -	$ -	$ -
Mutual Funds – Equity	35,296	35,296	-	-	-
Mutual Funds – Fixed Income	20,079	2,289	10,133	6,272	1,385
Total	$58,481	$40,691	$10,133	$6,272	$1,385

		Remaining Maturity (in years) as of September 30, 2018			
Investment Type	Total Amount	Less 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years
Cash and cash equivalent	$388	$388	$ -	$ -	$ -
Mutual Funds – Equity	32,529	32,529	-	-	-
Mutual Funds – Fixed Income	18,015	2,334	7,326	5,927	2,428
Total	$50,932	$35,251	$7,326	$5,927	$2,428

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

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 rating agency. The following tables show actual ratings as of September 30 for each investment type.

September 30, 2019

Investment Type	Total Amount	AAAm	AAA/ Aaa	AA/ Aa	A	BBB/ Baa	< BBB/ Baa	Cash or Not Rated
Cash and cash equivalent	$3,106	$3,106	$ -	$ -	$ -	$ -	$ -	$ -
Mutual Funds – Equity	35,296	-	-	-	-	-	-	35,296
Mutual Funds – Fixed Income	20,079	-	6,254	770	4,719	4,918	2,530	889
Total	$58,481	$3,106	$6,254	$770	$4,719	$4,918	$2,530	$36,184

September 30, 2018

Investment Type	Total Amount	AAAm	AAA/ Aaa	AA/ Aa	A	BBB/ Baa	< BBB/ Baa	Cash or Not Rated
Cash and cash equivalent	$388	$388	$ -	$ -	$ -	$ -	$ -	$ -
Mutual Funds – Equity	32,529	-	-	-	-	-	-	32,529
Mutual Funds – Fixed Income	18,015	-	6,135	1,115	4,758	3,998	1,424	585
Total	$50,932	$388	$6,135	$1,115	$4,758	$3,998	$1,424	$33,114

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investment portfolio of OPEB Plan as of September 30 are as shown below:

September 30, 2019

Issuer	Reported Amount	Percentage of Total Portfolio
Vanguard	$27,648	47%
Prudential	6,031	10%
Baird Asset Management	6,030	10%
DoubleLine Capital	5,910	10%
Blackrock	4,966	8%
First American	3,111	5%

September 30, 2018

Issuer	Reported Amount	Percentage of Total Portfolio
Vanguard	$32,803	65%
Baird Asset Management	5,954	12%
J O Hambro Capital Management Group	2,782	6%
DoubleLine Capital	2,700	5%

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the OPEB Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All the OPEB Plan's investments were invested in mutual funds, which by design provide ownership of shares within the fund, are not exposed to custodial credit risk.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Foreign Currency Risk – Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The OPEB Plan's foreign currency net position (foreign currency denominated investments) were $8,168 (14%) as of September 30, 2019 compared to $9,233 (18%) as of September 30, 2018. The Plan's exposure to foreign currency risk is shown below. The amounts are shown in U.S. Dollars.

Investment Type	Currency	2019 FairValue (USD)	2018 Fair Value (USD)
International Equity	Australian Dollar	$ 195	$ 387
	Brazil Real	243	201
	British Pound	1,052	971
	Canadian Dollar	355	320
	Chilean Peso	8	7
	Chinese Yuan Renminbi	800	665
	Colombian Peso	4	3
	Danish Krone	113	241
	Egyptian Pound	4	3
	European Monetary Unit	1,583	1,925
	Hong Kong Dollar	165	148
	Hungarian Forint	29	23
	Indian Rupee	171	146
	Indonesian Rupiah	29	26
	Israeli New Shekel	80	145
	Japanese Yen	1,387	2,251
	Kuwait Dinar	8	7
	Malaysian Ringgit	23	20
	Mexican Peso	72	59
	New Zealand Dollar	12	10
	Norwegian Kroner	49	44
	Philippine Peso	12	10
	Poland Zloty	8	7
	Qatari Rial	8	7
	Russian Ruble	150	122
	Saudi Riyal	19	17
	Singapore Dollar	92	83
	South African Rand	84	71
	South Korean Won	398	335
	Swedish Krona	152	140
	Switzerland Franc	495	526
	Taiwan New Dollar	295	248
	Thai Baht	57	51
	Turkish Lira	8	7
	United Arab Emirates Dirham	8	7
Total		$8,168	$9,233

DART categorizes its fair value measurements of the OPEB Plan within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs.

DART has the following fair value measurements as of September 30, 2019 and 2018.

Fair Value Measurements as of September 30, 2019

Investment Type	Total Amount	Level 1	Level 2	Level 3
Cash and cash equivalent	$ 3,106	$ 3,106	$ ……-	$ -
Mutual Funds - Equity	35,296	35,296	-	-
Mutual Funds – Fixed Income	20,079	20,079	-	-
Total	$58,471	$58,471	$........-1	$ -

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

Fair Value Measurements as of September 30, 2018

Investment Type	Total Amount	Level 1	Level 2	Level 3
Government Obligations	$ 388	$ 388	$ -	$ -
Mutual Funds – Equity	32,529	32,529	-	-
Mutual Funds – Fixed Income	18,015	18,015	-	-
Total	$50,932	$ 50,932	$ -	$ -

19. CLAIMS AND LITIGATION

In the ordinary course of business, a number of claims and lawsuits arise from individuals seeking compensation for personal injury, death, and/or property damage resulting from accidents occurring in the operation of the system. In addition, DART has been named as a defendant in a number of lawsuits relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on DART's financial statements.

20. COMMITMENTS AND CONTINGENCIES

The Board-approved Transit System Plan includes the design and construction of the Silver Line for commuter rail service and the Dallas Central Business District (D2) Alignment for light rail service. The Silver Line is a 26-mile long, regional rail corridor that extends from DFW International Airport through the northern portion of the DART service area to the existing DART Red Line, passing through the cities of Grapevine, Coppell, Carrollton, Addison, Dallas, Richardson, and Plano, with ten proposed stations along the way. The second CBD alignment (D2) will double the downtown LRT capacity and connects Victory Station and the Green Line. The timing and completion of the Transit System Plan is based on economic assumptions made in DART's Twenty-Year Financial Plan and is subject to change based on changing economic conditions. The FY 2021 Twenty-Year Financial Plan includes $7.12 billion for capital and non-operating projects. DART has entered contract commitments for these and other capital developments in the amount of $1.3 billion and has spent approximately $334 million of the committed amount as of September 30, 2020.

DART participates in several federal and state grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, no significant contingent liabilities exist relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

DART has entered into certain operating lease agreements. Operating lease expenses were approximately $832 and $846 in 2020 and 2019, respectively.

Future minimum lease payments for all non-cancelable operating leases are as follows:

Fiscal Year	2021	2022	2023	2024	2025
Minimum Lease Payments	$528	$505	$458	$353	$282

DART owns and operates a number of facilities. It also acquires new properties for light rail expansion projects. In some of these properties DART has discovered contamination that may require pollution remediation activity. DART is working with relevant state and federal agencies on pollution remediation plans. Management does not believe that the outcome of these remediation activities will have a material adverse effect on DART's financial position. Management has accrued an estimate which is included in the accounts payable and accrued liabilities line item in the accompanying Statements of Net Position.

21. DERIVATIVE INSTRUMENTS

DART had fuel delivery contracts with suppliers for commuter rail vehicles (diesel fuel), DART buses (CNG) and service vehicles (gasoline). The price for fuel fluctuates depending on the market which exposes DART to significant risk in the amount it pays for fuel as well as uncertainty in budgeting for fuel costs. In order to minimize the impact of fluctuating fuel market prices on its cash flow, DART entered into diesel and gasoline fuel hedge contracts.

Diesel and Gasoline Fuel Hedge

The diesel and gasoline fuel hedge contract expired on September 30, 2020. The fair value of the derivative instrument associated with diesel and gasoline hedge contract was $314 as of September 30, 2019.

Objective and terms of the fuel hedge contracts –The objective of the derivative instruments (diesel fuel hedge contracts) was to hedge changes in cash flows due to market price fluctuations related to expected purchases of diesel and gasoline for DART buses, commuter rail cars, and service vehicles. The terms of the agreement included DART paying monthly fixed prices and receiving floating prices based on an average of the daily mean of Platts US Gulf Coast ultralow sulfur diesel (ULSD) and Gasoline-UNIL 87 Gulf Cost (Pipeline) – Platts U. S. for each month.

Credit risk – The derivative instrument for diesel fuel for fiscal year 2018 to 2020 and for gasoline from 2017 to 2019 was held by the same counterparty. As of the end of fiscal year 2019, DART's position in the derivative instrument was a receivable of $314. DART could have been exposed to credit risk if the counterparty to the transaction had become insolvent but that did not happen. Standard and Poor's credit rating for the counterparty was A3 during 2019.

Termination risk – DART or its counterparties could terminate the derivative instrument if the other party failed to perform under the terms of the contract. The effect of termination risk on DART was that it would have to pay market prices for diesel fuel purchased for its operations. No termination event occurred during fiscal year 2019 and the contract for the diesel fuel hedge expired on 9/30/2020 and the gasoline fuel hedge expired on 9/30/2019.

Contingencies – The fuel hedge contracts included provisions that required DART to post collateral in the event its credit rating fell below A- or A3 as issued by Standard & Poor's or Moody's and if the exposure exceeded threshold amounts specified in the derivative instruments (contracts). During 2019, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

Compressed Natural Gas (CNG)

During fiscal year 2010, DART entered into a fixed price and indexed price CNG delivery contract for the CNG needed to operate DART buses and paratransit vehicles. The contract specified monthly volumes of CNG to be used by DART from October 1, 2012 to September 30, 2020 with 85% of the monthly volumes at a fixed price and 15% at an indexed price. When DART used lower volume than specified in the contract, the excess CNG had to be sold back to market at market price. The market price could have been lower or higher than the fixed price and indexed price specified in the contract. The difference between the contract and market price could have resulted in an exposure for DART. The amount of this exposure for DART was not material and no liability is included in the Statements of Net Position as of September 30, 2019 and as the contract expired on September 30, 2020, there is no liability going forward. However, a new delivery contract with a term of five years is in place starting from October 1, 2020.

Objective and terms of the CNG delivery contract – The objectives of the CNG delivery contract were: to ensure that DART had delivery of natural gas for its transit buses and contractor owned and operated paratransit vehicles, during the contract period; to fix the price for 85% of monthly volumes; and to minimize the fluctuations in cash flows caused by changes in market prices of CNG.

Early Termination – Subject to payment of early termination damages, either party to the delivery contract could terminate the CNG delivery contract by giving at least thirty (30) days written notice to the other party. The effect of termination risk on DART was that it would have to market prices for CNG purchased for its operations. No termination event occurred during fiscal years 2020 and 2019.

Natural Gas Hedge

The fixed price natural gas delivery contract expired on September 30, 2020. DART has entered a new natural gas delivery contract. This new delivery contract is based on the market price. In order to minimize the risk of exposure to fluctuations in the market prices, DART entered into a natural gas hedge contact for a three-year period, October 1, 2020 to September 30, 2023. The objective of the natural gas hedge contract is to limit DART's exposure to market price fluctuations related to expected purchase of natural gas for DART buses, and paratransit service vehicles. The terms of the agreement include DART paying monthly fixed prices and receiving floating prices based on the West Texas, Waha index.

Credit risk – As of the end of fiscal year 2020, DART's position in the derivative instrument (natural gas hedge) was a liability of $744. DART could have been exposed to credit risk if the counterparty to the transaction becomes insolvent but that did not happen. Standard and Poor's credit rating for the counterparty was A+ during 2020.

Termination risk – DART or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The effect of termination risk on DART is that it will pay market prices for natural gas purchased for its operations. No termination event has occurred during fiscal year 2020 and the last contract for natural gas hedge will expire on 9/30/2023.

Contingencies – The natural gas hedge contracts include provisions that require DART to post collateral in the event its credit rating falls below A- or A3 as issued by Standard & Poor's or Moody's and if the exposure exceeds threshold amounts specified in the derivative instruments (contracts). During 2020, DART maintained an AA+ credit rating from Standard & Poor's, AAA from Kroll Bond Rating Agency, and Aa2 from Moody's Investors Service on outstanding long-term debt. In addition, Fitch Ratings maintains an AA- on DART's Series 2007 bonds.

22. COVID-19 IMPACT ON DART

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has changed the landscape of just about every facet of the world, and DART is no exception. It has impacted economic activity and financial markets globally and locally and has resulted in a decrease in passenger fare and sales tax revenues. Ridership decreased by about 29% or 20.5 million trips and fare revenue also decreased by $22,331 or 29%. Sales tax revenue decreased by $4,909 or 1%. In response, DART reduced the level of service during the second half of fiscal year 2020. DART also offered a voluntary retirement incentive to eligible employees to resize it's staffing with the level of service. On the positive side, DART received Federal CARES Act funding and created health and safety guidelines to help mitigate the impact of the disruption in operations. The continued spread of the disease represents a significant risk. The extent to which COVID-19 impacts DART will depend on future developments, which are still highly uncertain and cannot be predicted. As a result, DART has not yet determined the impact this disruption may have on its financial statements for the year ending September 30, 2021.

23. NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, GASB issued Statement No. 84 *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, GASB issued Statement No. 87 *Leases.* This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations.* This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; sets standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In February 2020, GASB issued Statement No. 92 *Omnibus 2020*. This Statement addresses a variety of topics including the effective date of Statement No. 87 and Implementation Guide (IG) No. 2019-3 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73 and 74 to reporting assets accumulated for postemployment benefits (PEBs); the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this Statement related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements of this Statement related to the application of Statement No. 84 to PEBs, those related to nonrecurring fair value measurements of assets or liabilities, and those related to the measurement of liabilities (and assets, if any) associated with AROs are effective for reporting periods beginning after June 15, 2021. The requirements related to the effective date of Statement No. 87 and IG No. 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates.* LIBOR is expected to cease to exist in its current form at the end of 2021. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. This Statement addresses those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2022.

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

GASB Statement No. 95 postpones the effective date of paragraphs 13 and 14 by one year. DART adopted GASB Statement No. 95 which postponed the implementation of paragraphs 13 and 14 by one year.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The requirements of this Statement are effective immediately.
In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units when the component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for (1) and (2) as outlined above are effective immediately. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the impact of these statements on the basic financial statements.

24. SUBSEQUENT EVENTS

On November 18, 2020, DART issued and sold $281,090 in Series 2020D Bonds to partially refund Series 2014A and 2014B bonds. As a result of this refunding, DART bonds debt service requirements shown on the last table in note 12will change. Updates to debt service requirement will be as follows:

Year Ended September 30	Principal	Interest	Total Debt Service	Build America Bonds tax credit	Net Debt Service
2021	$65,105	$152,076	$217,181	$(21,201)	$195,980
2022	71,355	140,375	211,730	(21,201)	190,520
2023	74,275	137,354	211,729	(21,201)	190,528
2024	52,950	134,904	187,854	(22,531)	165,323
2025	74,605	132,428	207,033	(22,531)	184,502
2026 – 2030	412,150	617,656	1,029,809	(112,654)	917,156
2031– 2035	509,555	519,073	1,028,628	(112,654)	915,975
2036 – 2040	674,290	384,555	1,058,845	(97,938)	960,907
2041 – 2045	734,265	209,906	944,171	(51,413)	892,758
2046 – 2050	446,970	46,108	493,078	(9,870)	483,208
2050	4,945	74	5,019	-	5,019
TOTAL	$3,120,465	$2,474,509	$5,595,077	$(493,194)	$5,101,876

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF NET PENSION LIABILITY

SEPTEMBER 30, 2020 and 2019 (Dollars in Thousands)

The schedule of changes in the DART's Net Pension Liability and Related Ratios (Dollar amounts in thousands)

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$859	$988	$1,107	$1,281	$954	$502
Interest	15,350	14,795	14,501	14,969	14,644	14,674
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	1,480	1,920	2,655	(2,815)	(5,082)	-
Changes in assumptions	-	5,326	-	63	-	-
Benefit payments	(15,256)	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Net change in total pension liability	2,433	8,922	4,792	2,295	(853)	3,812
Total pension liability – beginning	234,176	225,253	220,461	218,166	219,019	215,207
Total pension liability – ending (a)	236,609	234,175	225,253	220,461	218,166	219,019
Plan Fiduciary Net Position						
Contributions – employer	10,000	10,000	10,000	9,217	8,706	9,122
Contributions – employee	1	2	2	2	2	2
Net investment income, net of expenses	4,267	10,679	15,590	16,067	520	12,532
Benefit payments	(15,256)	(14,107)	(13,471)	(11,203)	(11,369)	(11,364)
Administrative expenses	(274)	(84)	(100)	(218)	(219)	(250)
Net change in plan fiduciary net position	(1,2261)	6,490	12,021	13,865	(2,360)	10,042
Plan fiduciary net position – beginning	186,845	180,355	168,334	154,469	156,829	146,787
Plan fiduciary net position - ending (b)	185,584	186,845	180,355	168,334	154,469	156,829
DART's net pension liability (a) – (b)	$51,025	$47,330	$44,898	$52,127	$63,697	$62,190
Plan fiduciary net position as a percentage of total pension liability	78.43%	79.79%	80.07%	76.36%	70.80%	71.61%
Covered payroll	$12,374	$14,333	$15,642	$18,914	$19,129	$19,438
DART's net pension liability as a percentage of covered payroll	412.36%	330.22%	287.04%	275.61%	332.99%	319.94%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

Note to Schedule: Starting from fiscal year 2017, the discount rate decreased from 7.00% to 6.75%. There were no significant changes in assumptions for other fiscal years.

Changes of assumptions:
Starting with measurement date 09/30/2018, the assumed rates of mortality were amended to adopt the Pub-2010 Public Retirement Plan Mortality Tables for General Employees.

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2020 (Dollars in Thousands)

The schedule of DART Contribution to DB Pension Plan (Dollar amounts in thousands)

	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12	9/30/11
Contractually required contribution	$6,928	$7,235	$7,755	$9,217	$9,221	$8,706	$9,122	$9,074	$8,045	$6,266
Contribution in relation to the contractually required contribution	10,000	10,000	10,000	10,000	9,221	8,706	9,122	9,074	8,045	6,266
Contribution deficiency (excess)	$(3,072)	$(2,765)	$(2,245)	$(783)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	$12,374	$14,333	$15,642	$18,914	$19,129	$19,438	$19,467	$19,306	$23,727
Contribution as a percentage of covered payroll	N/A	80.81%	69.77%	63.93%	48.75%	45.51%	46.93%	46.61%	41.67%	26.41%

Notes to Schedule

Valuation date: Most recent valuation date is October 1, 2019.

Contractually required contribution rates are calculated by an actuary as of October 1, in the fiscal year in which contributions are reported. That is, the contribution calculated as of October 1, 2019 was made during the fiscal year ended September 30, 2020, and as of October 1, 2018 was made during the fiscal year ended September 30, 2019.

Significant actuarial assumption and methods used to determine contribution rates include the following:

Funding Method	The minimum required contribution is based upon DART's agreement to contribute an amount at least equal to the minimum funding standard under Section 412 of the Internal Revenue Code of 1986, as if the Plan were subject to Section 412, per the stipulation of the "Sale, Purchase and Transfer contract between the City of Dallas and Dallas Area Rapid Transit
Actuarial Cost Method	Entry Age Normal starting from 9/30/2017 measurement date. Before that it was Projected Unit Credit.
Asset valuation method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	2.5%.
Investment Return	6.75% per year compounded annually, net of all expenses starting from September 30, 2016 measurement dates. Before that it was 7.00%.
Retirement age	7.5% at age 55 reaching 100% at age 70.
Salary Increases	3% starting from September 30, 2016 measurement date. Before that it was 3.25%.
Mortality	*Active Lives:* PubG-2010 (Below-median, amount weighted) employee rates with mortality improvement projections to the valuation date using Scale MP-2019. *Retiree and Vested Terminated Lives:* PubG-2010 (Below median, amount-weighted) healthy retiree rates with mortality improvement projections to the valuation date using Scale MP-2019. *Contingent Survivor Lives: PubG-2010* (Below-median, amount-weighted) contingent survivor rates with mortality improvement projections to the valuation date using Scale MP-2019. *Disabled Lives:* PubG-2010 (amount-weighted) disabled retiree rates with mortality improvement projections to the valuation date using Scale MP-2019.
Marital Status	85% of male participants and 65% of female participants are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.
Termination Rate	1.50% per year prior to age 54, and 1.00% per year on and after attainment of age 54.

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN FISCAL YEARS

SEPTEMBER 30, 2020 (Dollars in Thousands)

The schedule of changes in the DART's Net OPEB Liability and Related Ratios (Dollar amounts in thousands)

	2020	2019	2018
Total OPEB Liability			
Service cost	$2,559	$3,200	$2,762
Interest	4,338	5,129	4,218
Changes of benefit terms	7,047	-	-
Difference between expected and actual experience with regard to economic or demographic assumptions	-	(4,931)	4,514
Changes in assumptions about future economic or demographic or other inputs	(8,292)	(10,289)	2,437
Benefit payments	(3,002)	(2,920)	(1,470)
Net change in total pension liability	2,650	(9,811)	12,461
Total OPEB liability – beginning	60,880	70,691	58,230
Total OPEB liability – ending (a)	63,530	60,880	70,691
Plan Fiduciary Net Position			
Contributions – participant	7,489	-	-
Contributions – employer	806	460	5,821
Net investment income, net of expenses	2,421	3,650	3,883
Benefit payments	(3,002)	(2,920)	(1,470)
Administrative expenses	(164)	(170)	-
Adjustment to reflect actual assets	-		306
Net change in plan fiduciary net position	7,550	1,020	8,540
Plan fiduciary net position – beginning	50,932	49,912	41,372
Plan fiduciary net position - ending (b)	58,482	50,932	49,912
DART's net OPEB liability* (a) – (b)	5,048	$9,948	$20,779
Plan fiduciary net position as a percentage of total OPEB liability	92.05%	83.66%	70.61%
Covered payroll	$229,824	$214,754	$205,345
DART's net OPEB liability as a percentage of covered payroll	2.20%	4.63%	11.12%

*For the fiscal year ended September 30, 2018 a net OPEB liability of $22,667 was reported since an estimated value of assets was used for actuarial valuation. Based on actual value of the OPEB Plan assets, the updated net OPEB liability is $20,779.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

DALLAS AREA RAPID TRANSIT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2019 (Dollars in Thousands)

The schedule of DART Contribution to OPEB Plan (Dollar amounts in thousands)

	9/30/20	9/30/19	9/30/18*	9/30/17	9/30/16	9/30/15	9/30/14	9/30/13	9/30/12	9/30/11*
Actuarially determined contribution	$3,229	$3,627	$3,862	$5,821	$4,625	$4,313	$5,141	$4,996	$5,024	$4,591
Contribution in relation to the actuarially determined contribution	3,229	7,489	$ -	5,821	4,625	4,313	5,141	4,996	9,615	$ -
Contribution deficiency (excess)	$ -	($3,862)	$3,862	$ -	$ -	$ -	$ -	$ -	($4,591)	$4,591
Covered payroll	N/A	$229,824	$221,734	$214,754	$205,345	$196,688	$185,181	$174,557	$174,557	$169,196
Contribution as a percentage of covered payroll	N/A	3.26%	0.00%	2.71%	2.25%	2.19%	2.78%	2.86%	5.51%	0.00%

* Contribution for fiscal year ended September 30, 2011 was made on October 13, 2011. Contribution for fiscal year ended September 30, 2018 was made on October 1, 2018.

Notes to Schedule

Actuarially determined contribution rates shown above are calculated as of September 30 for the plan/fiscal year in which contributions are reported.

Covered Payroll is reported as actual payroll for years prior to September 30, 2019. Covered payroll as of September 30, 2019 is projected from the September 30, 2018 payroll amount.

The contribution for the fiscal year ending September 30, 2018 was made during fiscal year ending September 30, 2019.

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APPENDIX C

FORM OF LEGAL OPINIONS OF CO-BOND COUNSEL

______________, 2021

DALLAS AREA RAPID TRANSIT

SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS

TAXABLE SERIES 2021A

We have represented Dallas Area Rapid Transit ("DART") as its Co-Bond Counsel in connection with the authorization and issuance of its Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Taxable Series 2021A (the "Series 2021A Bonds") in the principal amount of $576,355,000. The Series 2021A Bonds are being issued pursuant to the Master Debt Resolution adopted January 23, 2001, as such Master Debt Resolution has been amended and supplemented from time to time (as amended and supplemented, the "Master Debt Resolution") and the Twenty-Third Supplemental Debt Resolution (the "Twenty-Third Supplemental Debt Resolution"), adopted August 24, 2021. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Master Debt Resolution and the Twenty-Third Supplemental Debt Resolution.

We have represented DART as its Co-Bond Counsel, for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2021A Bonds under the Constitution and laws of the State of Texas.

We have examined the relevant provisions of the Constitution and laws of the State of Texas as we have deemed necessary, including Chapter 452, Texas Transportation Code (the "Act"), pursuant to which DART was created and functions as a subregional transportation authority and public body corporate and politic of the State of Texas, and Chapters 1207 and 1371, Texas Government Code, as amended. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of DART or the disclosure thereof in connection with the offering and sale of the Series 2021A Bonds except as described in the Official Statement with respect to the Series 2021A Bonds.

In our capacity as Co-Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Series 2021A Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of DART, including: (i) the Master Debt Resolution and the Twenty-Third Supplemental Debt Resolution; (ii) customary certificates of officers, agents and representatives of DART, and other public officials, and other certified showings relating to the authorization and issuance of the Series 2021A Bonds; and (iii) a report (the "Report") of Causey Demgen & Moore P.C., a firm of certified public accountants (the "Verification Agent") regarding the mathematical accuracy of certain computations and verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the bonds being refunded (the "Refunded Bonds"). We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Series 2021A Bonds;

(B) The Series 2021A Bonds constitute valid and binding special obligations of DART, secured by and payable from a first and senior lien on and pledge of the Pledged Revenues; and

(C) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds by making the deposit to the Escrow Agent, and therefore, the Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from funds provided therefor to the Escrow Agent.

The rights of the owners of the Series 2021A Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion. Owners of the Series 2021A Bonds shall never have the right to demand payment of principal or interest out of any funds raised or to be raised by taxation other than the Gross Sales Tax Revenues.

DART has reserved the right to issue additional debt, subject to the restrictions contained in the Master Debt Resolution, that is secured by liens on the Pledged Revenues that are on a parity with or that are junior and subordinate to the lien on Pledged Revenues securing the Series 2021A Bonds.

We express no opinion as to any federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Series 2021A Bonds. In particular, but not way of limitations, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending of future legislation.

In rendering such opinions, we have relied on representations of DART, the Co-Financial Advisors and the Underwriters, respectively, with respect to matters solely within the knowledge of DART, the Co-Financial Advisors and the Underwriters which we have not independently verified, and we have assumed continuing compliance with the covenants in the Master Debt Resolution and the Twenty-Third Supplemental Debt Resolution. We have further relied on the Report of the Verification Agent regarding the mathematical accuracy of certain computations.

Respectfully submitted,

APPENDIX D
SERVICE AREA MAP

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DALLAS AREA RAPID TRANSIT • SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS, TAXABLE SERIES 2021A

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