



Board Report

File #: 2020-0222, **File Type:** Resolution

Agenda Number: 15.

**FINANCE, BUDGET & AUDIT COMMITTEE
APRIL 15, 2020**

SUBJECT: MEASURE R BONDS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ADOPTING a Resolution, Attachment A, that:
1. AUTHORIZES Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds in one or more series, to refinance one or more of Metro’s Transportation Infrastructure Finance and Innovation Act (“TIFIA”) Loans to achieve up to \$170 million estimated net present value savings over the 18-year life of the bonds through the negotiated bond sale of up to \$1.75 billion of bonds.
 2. APPROVES the forms of the supplemental trust agreement, second amended and restated trust agreement, junior subordinate trust agreement, supplemental junior subordinate trust agreement, continuing disclosure certificate, preliminary official statement and such other documents as required for the issuance of the bonds, and approves related documents on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the Resolution;
 3. APPROVES the form of the bond purchase contract on file with the Board Secretary, that will be entered into with the underwriters as listed in Attachment B hereto; and
 4. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of the bond purchase contract and bond documentation associated with the issuance of the Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds (the “Refunding Bonds”).
- B. ESTABLISHING an underwriter pool as shown in Attachment B that will be used to select underwriters for all future negotiated debt issues through June 30, 2024; and
- C. APPOINTING the underwriter team selected for the Refunding Bonds from the above underwriter pool as shown in Attachment B that will be used to market the refunding bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

ISSUE

Long-term interest rates are at historic lows and currently provide the opportunity to refinance one or more of Metro's TIFIA loans. Issuing tax-exempt bonds to refinance the loans will lower debt expense.

BACKGROUND

The Refunding Bonds will refinance one or more of the TIFIA loans. The TIFIA Loans were secured as project specific financing for the Crenshaw/LAX Transit Corridor (2012), Regional Connector Transit Corridor (2014), the Westside Purple Line Extension Section 1 (2014), the Westside Purple Line Section 2 (2016) projects. The Refunding Bonds are currently estimated to provide net present value savings in excess of the minimum 3% of refunded par amount set forth in the Debt Policy criteria for evaluating refunding opportunities.

DISCUSSION

The Measure R Ordinance (Ordinance) anticipated and authorized the use of debt to finance projects in the Measure R Expenditure Plan. Metro's Long Range Transportation Plan (LRTP) assumes the issuance of long-term debt to deliver projects faster than the alternative "pay as you go" basis.

The primary benefits of using TIFIA loans to finance large capital projects occur during design and early construction phases. The TIFIA loans provided greater flexibility than traditional tax-exempt bonds during the early phases of the projects. Early phase benefits included:

- Loan draws based on our actual cash flow needs over time
- Up to 5-years of deferred draw-down of loan did not reset interest rate
- Interest did not accrue until the initial draw on the loan
- No prepayment penalty

The use of TIFIA loans proved to be not only prudent but successful in facilitating board approved infrastructure projects throughout Los Angeles County. However low rates available in the current market environment, coupled with the no prepayment penalty present an opportunity to replace the loans with lower cost debt, resulting in an economic benefit to Metro.

In accordance with Section 8(i)(4) of the Measure R Ordinance, the Proposition R Independent Taxpayers Oversight Committee of Metro (the "Oversight Committee") is required to find that the benefits of any proposed Measure R debt outweigh the costs of financing. After a review of the Ordinance, it was determined by County Counsel that the TIFIA refinancing does not require a finding of benefit by the Oversight Committee. This is due to the prior findings of benefit for each respective loan (Attachment C).

The negotiated sale method is recommended for this sale of Measure R Junior Subordinate Bonds.

This is in accordance with the Debt Policy criteria for determining the method of bond sale, including the relatively large size of the proposed sale on the junior subordinate lien level. Further, recent interest rate volatility in the bond markets due to economic uncertainty and geopolitical events also supports a negotiated sale. If market conditions change suddenly, a negotiated sale puts Metro in the best position to alter the sale date and/or bond structure as needed.

Additionally, a negotiated sale gives us greater ability to target investor groups dedicated to purchasing green bonds. Pending self-certification, the Crenshaw portion of the Refunding Bonds, approximately \$600 million, are expected to be refinanced as green bonds. The Crenshaw project has been previously verified by First Environment to meet the requirements under the Climate Bonds Initiative for low carbon assets and infrastructure.

The underwriter's sales force will assist with addressing any investor concerns regarding the issue size and junior subordinate lien. In performing due diligence, Metro met with firms in the investment community that purchase municipal debt. The firms were presented with the proposed details of the refinancing. Each of the firms conveyed a strong interest in Metro-backed debt and confirmed there will be strong market interest in the sale. Underwriters from the board-approved, negotiated pool will pre-market the issue, assist with the rating process and advise on market timing for pricing the bonds.

Consistent with the Metro Debt Policy, in order to select underwriters for this transaction, a competitive Request for Proposal (RFP) process was conducted by Montague DeRose and Associates (MDA), our lead Municipal Advisor. MDA received twenty-seven proposals. Treasury staff and MDA reviewed the proposals, evaluating them based on the criteria listed in the RFP. Of the twenty-seven received, fifteen are recommended for the negotiated underwriting pool. Four of the fifteen recommended firms are DBE/SBE/DVBE.

Staff is recommending a team of underwriters to be led by Wells Fargo Securities, who was ranked first in the selection process to lead the marketing and sales effort for the Refunding Bonds. The additional underwriting team members are Citigroup Global Markets, Bank of America Securities Inc., Barclays Capital, Loop Capital Markets LLC, and Ramirez & Co, Inc. Attachment B sets forth not-to-exceed "take down (commission)" the underwriters will receive as consideration for underwriting the transaction.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the bonds will be paid from proceeds of the financing and will be budget neutral. The fund source for the bond principal and interest expense will be Measure R 35% Transit Capital. Expenses for this financing will be included in future budgets as follows: bond principal, account 51101 and bond interest account 51121.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal:

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

Authorization of the sale and the appointment of the underwriters could be delayed. This is not recommended as market and geopolitical conditions could push interest rates higher, reducing or potentially eliminating the economic benefit of the transaction.

NEXT STEPS

- Obtain ratings on the bonds
- Complete legal documentation and distribute the preliminary official statement to potential investors, initiate the pre-marketing effort
- Negotiate the sale of the bonds with the underwriters

ATTACHMENTS

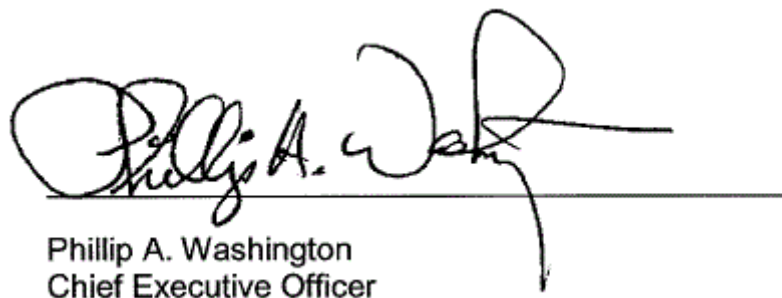
Attachment A - Authorizing Resolution

Attachment B - Summary of Underwriter Selection

Attachment C - Findings of Benefit

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047
Rodney Johnson, Senior Director (213) 922-3417

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

Additional Documents

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Continuing_Disclosure_Certificate.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_First_Supplemental_Junior_Subordinate_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Junior_Subordinate_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_POS.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Purchase_Contract.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Second_Amended_and_Restated_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Sixth_Supplemental_Trust_Agreement.pdf

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY MEASURE R JUNIOR SUBORDINATE SALES TAX REVENUE REFUNDING BONDS, APPROVING THE EXECUTION AND DELIVERY OF A SIXTH SUPPLEMENTAL TRUST AGREEMENT, A SECOND AMENDED AND RESTATED TRUST AGREEMENT, A JUNIOR SUBORDINATE TRUST AGREEMENT, A FIRST SUPPLEMENTAL JUNIOR SUBORDINATE TRUST AGREEMENT, A PURCHASE CONTRACT, A CONTINUING DISCLOSURE CERTIFICATE AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

(MEASURE R SALES TAX)

WITNESSETH:

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA") is a county transportation commission duly organized and existing pursuant to Section 130050.2 of the California Public Utilities Code; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 0.5% that is applicable in the incorporated and unincorporated areas of the County of Los Angeles, California (the "County") if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, the LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the "Ordinance") imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by more than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Ordinance, as so approved, imposes for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax (the "Measure R Sales Tax"); and

WHEREAS, Section 130500 et seq. of the California Public Utilities Code (the "Act") provides that the LACMTA may issue bonds, which terms includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, and all of such obligations shall be special obligations of the LACMTA, payable from the proceeds of the Measure R Sales Tax; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, has heretofore executed and delivered (i) the TIFIA Loan Agreement, dated as of December 20, 2016, between the LACMTA and the United States Department of Transportation (the “TIFIA Lender”), (ii) the TIFIA Loan Agreement, dated as of May 21, 2014, between the LACMTA and the TIFIA Lender, and (iii) the TIFIA Loan Agreement, dated as of February 20, 2014 (collectively, the “Primary TIFIA Loan Agreements”), and the TIFIA Loan Agreement, dated as of September 28, 2012, between the Crenshaw Project Corporation (“CPC”) and the TIFIA Lender, the related Funding Agreement, dated as of September 28, 2012, between the LACMTA and CPC, and the related Direct Agreement, dated as of September 28, 2012, between the LACMTA and the TIFIA Lender (collectively, and as amended, the “Crenshaw TIFIA Loan Agreement,” and together with the Primary TIFIA Loan Agreements, the “TIFIA Loan Agreements”); and

WHEREAS, pursuant to the Act and the provisions of the Amended and Restated Trust Agreement, dated as of February 1, 2014 (as supplemented and amended from time to time, the “Trust Agreement”), between the LACMTA and U.S. Bank National Association, as trustee (the “Trustee”), the LACMTA is authorized to issue Senior Bonds, Subordinate Obligations and Junior Subordinate Obligations (each as defined in the Trust Agreement); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more Series from time to time and in one or more transactions of its Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds (the “Bonds”), as Junior Subordinate Obligations, to (a) repay and retire all or a portion of its obligations under the TIFIA Loan Agreements (such TIFIA Loan Agreements repaid in full shall be referred to herein as “Refunded TIFIA Loan Agreements”); (b) finance Costs of the Project (as defined in the Trust Agreement) in an amount equal to the aggregate undrawn amounts under the Refunded TIFIA Loan Agreements; (c) fund a reserve fund and/or capitalized interest, at the discretion of a Designated Officer (as defined herein); and (d) pay the costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, to the extent that all obligations of the LACMTA under the Primary TIFIA Loan Agreements are repaid and retired in connection with the Financing, or the TIFIA Lender so consents, and any other required consents are obtained, to the extent that a Designated Officer determines that it is in the interest of the LACMTA to do so, the LACMTA desires to amend and restate the Trust Agreement, and execute and deliver a Junior Subordinate Trust Agreement and First Supplemental Junior Subordinate Trust Agreement to provide for the issuance of the Bonds (collectively, the “Amendment,” and together with the Financing, the “Transaction”), and

WHEREAS, the LACMTA has determined that it is in its best interest to sell the Bonds to the public through a negotiated sale to the underwriters selected through a competitive process by the LACMTA and approved by the Board pursuant to this Resolution (the “Underwriters”); and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

- (a) a Sixth Supplemental Trust Agreement (the “Sixth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee, which, along with the Trust

Agreement, shall set forth the terms and provisions of the Bonds if the Second Amended and Restated Trust Agreement is not executed and delivered;

(b) a Second Amended and Restated Trust Agreement (the “Second Amended and Restated Trust Agreement”), by and between the LACMTA and the Trustee, amending and restating the Trust Agreement;

(c) a Junior Subordinate Trust Agreement (the “Junior Subordinate Trust Agreement”), by and between the LACMTA and U.S. Bank National Association, as trustee (the “Junior Subordinate Trustee”), providing for the issuance of Junior Subordinate Obligations if the Second Amended and Restated Trust Agreement is executed and delivered;

(d) a First Supplemental Junior Subordinate Trust Agreement (the “First Supplemental Junior Subordinate Trust Agreement”), by and between LACMTA and Junior Subordinate Trustee, which, along with the Second Amended and Restated Trust Agreement and the Junior Subordinate Trust Agreement, shall set forth the terms and provisions of the Bonds if the Second Amended and Restated Trust Agreement is executed and delivered;

(e) a Purchase Contract (the “Purchase Contract”), to be entered into by one or more of the Underwriters and the LACMTA, which shall set forth the terms of the sale of the Bonds;

(f) a Preliminary Official Statement (the “Preliminary Official Statement”), which will provide information about the Bonds, the LACMTA, the Measure R Sales Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the Bonds; and

(g) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to be executed by the LACMTA, which will assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”); and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Bonds and said documents are subject to completion to reflect the results of the sale of the Bonds; and

WHEREAS, the Board of the LACMTA desires to permit the issuance of the Bonds in one or more Series and from time to time so long as the refunding portion of each issuance complies with the interest savings or other provisions of the Debt Policy of the LACMTA (including the provisions that give the Treasurer discretion with respect to various matters); and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Transaction and to authorize the execution and delivery of the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement, the First Supplemental Junior Subordinate Trust Agreement, the Purchase Contract and the Continuing Disclosure Certificate, the preparation of the Preliminary

Official Statement and the execution and delivery of the Official Statement (as hereinafter defined) for the purposes, in the manner and upon the terms provided; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement and the Sixth Supplemental Trust Agreement or alternatively in the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement (each in the forms hereof made available to the Board);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Findings. The Board finds and determines that the foregoing recitals are true and correct.

Section 2. Issuance of Bonds. The Board of the LACMTA hereby authorizes the issuance of one or more Series of Bonds from time to time in an aggregate principal amount not to exceed \$1,750,000,000, for the purpose of (a) repaying and retiring all or any portion of the obligations of the LACMTA under the TIFIA Loan Agreements; (b) financing Costs of the Project in an amount equal to the aggregate undrawn amounts under the Refunded TIFIA Loan Agreements; (c) funding a reserve fund and/or capitalized interest, at the discretion of a Designated Officer; and (d) paying the costs of issuance related thereto; *provided, however*, that, as of the date of sale of the Bonds, the issuance of such Series of Bonds satisfies the requirements of the Debt Policy of the LACMTA as determined and calculated in the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution. The LACMTA hereby specifies that the Bonds shall not mature later than June 1, 2037. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, a Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), acting in accordance with this Section 2, are each hereby authorized to determine whether all or any portion, and which portion, of the obligations of the LACMTA under the TIFIA Loan Agreements shall be repaid and retired, whether any proceeds of the Bonds will fund a debt service reserve fund or capitalized interest and the amount thereof, the actual aggregate principal amount of each Series of Bonds to be issued and to direct the execution

and authentication of the Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized, and the execution of the Bonds shall be conclusive evidence of such determinations.

Section 3. Terms of Bonds. The Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. The Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. Interest on the Bonds shall be paid on the dates set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. The Bonds may be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, or not be subject to redemption. The Bonds may also be subject to mandatory sinking fund redemption as and to the extent set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. Payment of principal of, and interest and premium, if any, on the Bonds shall be made at the place or places and in the manner provided in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement.

Execution and delivery of the Sixth Supplemental Trust Agreement, or alternatively the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, which documents will contain the maturities, interest rates and the payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, interest rates and payment obligations.

Section 4. Special Obligations. The Bonds shall be special obligations of the LACMTA payable from and secured (on a junior subordinate basis) by a portion of the proceeds of the Measure R Sales Tax, and from certain funds and accounts held by the Trustee under the Trust Agreement or the Second Amended and Restated Trust Agreement as specified therein. The Bonds shall also be payable from and secured by such other sources as the LACMTA may hereafter provide.

Section 5. Execution of Bonds. Each of the Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Bonds.

Section 6. Approval of Sixth Supplemental Trust Agreement. The form, terms and provisions of the Sixth Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and

directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Sixth Supplemental Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Sixth Supplemental Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Sixth Supplemental Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Sixth Supplemental Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Sixth Supplemental Trust Agreement.

Section 7. Approval of Second Amended and Restated Trust Agreement. The form, terms and provisions of the Second Amended and Restated Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Second Amended and Restated Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Second Amended and Restated Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Second Amended and Restated Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Second Amended and Restated Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Second Amended and Restated Trust Agreement.

Section 8. Approval of Junior Subordinate Trust Agreement. The form, terms and provisions of the Junior Subordinate Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Junior Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Junior Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Junior Subordinate Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Junior Subordinate Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may

be necessary to carry out and comply with the provisions of the Junior Subordinate Trust Agreement.

Section 9. Approval of First Supplemental Junior Subordinate Trust Agreement.

The form, terms and provisions of the First Supplemental Junior Subordinate Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the First Supplemental Junior Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The First Supplemental Junior Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the First Supplemental Junior Subordinate Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the First Supplemental Junior Subordinate Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the First Supplemental Junior Subordinate Trust Agreement.

Section 10. Sale of Bonds.

(a) The Board hereby authorizes the initial sale of the Bonds to the public through a negotiated sale to the Underwriters. The Bonds shall be sold subject to an underwriters' discount (excluding original issue discount and premium) not to exceed \$1.50 per \$1,000 in principal amount of the Bonds and subject to the terms and conditions set forth in the form of the Purchase Contract. The true interest cost of the Bonds shall not exceed 3.00%. The form, terms and provisions of the Purchase Contract on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, and the Underwriters named therein, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver from time to time the Purchase Contract, including counterparts thereof, as determined by a Designated Officer, in the name of and on behalf of the LACMTA. The Purchase Contract, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Purchase Contract now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Purchase Contract, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Contract.

(b) The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Measure R Sales Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the Bonds and the terms and conditions of the Trust Agreement, the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, together with such information and description as a Designated Officer determines is appropriate or necessary. The Underwriters are hereby authorized to circulate (via printed format and/or through electronic means) the Preliminary Official Statement for use in selling the Bonds from time to time. The Underwriters are hereby further authorized to distribute (via written format and/or through electronic means) copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as any Designated Officer shall approve.

(c) Upon the execution and delivery of the Purchase Contract, from time to time, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered to the Underwriters reflecting updated and revised information as shall be acceptable to the Underwriters and as the Designated Officers, or any one of them, approve. Each final Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the Bonds at such time or times as a Designated Officer deems appropriate after consultation with the Underwriters, the LACMTA's Municipal Advisor and Bond Counsel and such other advisors as a Designated Officer believes to be useful. The Underwriters are hereby authorized to circulate (via printed format and/or through electronic means) the final Official Statement, any supplement to the final Official Statement and any revised final Official Statement, as the case may be.

(d) The form, terms and provisions of the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board, within the parameters

set forth in this Resolution, are hereby approved and the LACMTA's obligation to provide the information as described therein is approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Continuing Disclosure Certificate. The Continuing Disclosure Certificate, as executed and delivered, shall be in substantially the form on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board, and from and after the execution and delivery of the Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate.

(e) Each Designated Officer's authority to approve the final terms of the sale of the Bonds and to execute or to direct the execution of the Purchase Contract shall commence upon the date of adoption of this Resolution and shall continue for twelve calendar months thereafter unless rescinded or modified by subsequent action of the LACMTA prior to the time that a Purchase Contract has been duly signed and delivered.

Section 11. Bond Insurance. In connection with the sale of all or a portion of the Bonds, any Designated Officer is hereby authorized on behalf of the LACMTA to purchase or otherwise arrange for the provision of (including the payment of such premiums, fees and other costs and expenses as such Designated Officer determines acceptable), one or more policies of municipal bond insurance or surety policies to support the timely payment of principal of and interest on all or a portion of the Bonds, said municipal bond insurance or surety policies to contain such terms and conditions as such Designated Officer(s) shall determine is appropriate or necessary for the issuance of the Bonds.

Section 12. Investments. Each Designated Officer is hereby authorized to invest the proceeds of the Bonds in accordance with (i) the LACMTA's Investment Policy and (ii) the Trust Agreement and the Sixth Supplemental Trust Agreement or alternatively the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement and the Sixth Supplemental Trust Agreement or alternatively with the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, on such terms as the Designated Officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a

lower cost of borrowing when used in combination with the Bonds or enhance the relationship between risk and return with respect to investments.

Section 13. Additional Authorizations. All actions heretofore taken by the officers, employees and agents of the LACMTA with respect to the Transaction and the issuance and sale of the Bonds are hereby ratified, confirmed and approved. The officers, employees and agents of the LACMTA are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the LACMTA, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any escrow agreements, any tax certificates or agreements, any amendments to existing agreements relating to obligations payable from the Measure R Sales Tax, any documents with respect to the termination of the Refunded TIFIA Loan Agreements or related agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the Transaction and the issuance and sale of the Bonds, to manage and administer the Transaction after the issuance and sale of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, this Resolution, the Bonds and the documents approved hereby.

All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of the Bonds, or in connection with the addition, substitution or replacement of underwriters, or any agreements with paying agents or the Trustee or any similar action may be given or taken by any Designated Officer without further authorization or direction by the LACMTA, and each Designated Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Designated Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 14. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Treasurer of the LACMTA, or any Assistant Treasurer of the LACMTA shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

Section 15. Further Actions. From and after the delivery of the Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Trust Agreement, the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement, the First Supplemental Junior Subordinate Trust Agreement and the Continuing Disclosure Certificate at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement, or modification, upon consultation with the LACMTA's Municipal Advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof. Further, the Designated Officers and each of them are hereby authorized and directed to terminate any

municipal bond insurance policy, surety policy or investment agreement and enter into one or more municipal bond insurance policies, surety policies or investment agreements as any such Designated Officer shall determine is appropriate or necessary.

Section 16. Costs of Issuance. The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Bonds, to be used to pay costs of issuance of the Bonds, including, but not limited to, costs of attorneys, accountants, financial advisors, trustees, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

Section 17. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 18. Effective Date. The effective date of this Resolution shall be the date of its adoption.

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Montague DeRose and Associates (the “Municipal Advisor”) with respect to the bonds (the “Bonds”) approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Bonds:

1. *True Interest Cost of the Bonds.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.00%.

2. *Finance Charge of the Bonds.* Based on market interest rates prevailing and other information available at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$3,068,000, as follows:

a)	Underwriters’ Discount	\$2,185,000
b)	Credit Enhancement	0
c)	Bond Counsel and Disbursements	195,000
d)	Disclosure Counsel and Disbursements	50,000
e)	Municipal Advisor and Disbursements	150,000
f)	Rating Agency	400,000
g)	Other Expenses	<u>88,000</u>
	Total	<u>\$3,068,000</u>

3. *Amount of Proceeds to be Received.* Based on market interest rates prevailing and other information available at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the LACMTA for sale of the Bonds less the finance charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$1,900,000,000.

4. *Total Payment Amount.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the LACMTA will make to pay debt service on the Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$2,150,000,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the LACMTA based on need for escrow funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the

Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the LACMTA's control. The LACMTA has approved the issuance of the Bonds with a maximum true interest cost of 3.00%.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2020.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2020

Summary of Underwriter Selection**Recommended Firms for 2020 Measure R Refunding Bonds**

Position	Firm
Senior Manager	Wells Fargo Securities
Co-Senior Manager	BofA Securities, Inc.
Co-Senior Manager	Barclays Capital Inc.
Co-Senior Manager	Citigroup Global Markets
Co-Manager	Loop Capital Markets LLC (Minority Business Enterprise)
Co-Manager	Ramirez & Co., Inc. (Minority Business Enterprise)

Proposed Price (Takedown): Up to \$1.50 per \$1,000 of Bonds (0.15% of the bond issue)

The takedown is normally the largest component of the spread, similar to a commission, which represents the income the selling broker or dealer derives from the sale of the bonds. It compensates the underwriters for their work in structuring the transaction, marketing the transaction, and underwriting any bonds that are not pre-sold to investors. Note that the actual takedown rate varies by bond maturity and will be in accordance with the senior manager's proposal. The takedown rates for all the firms will be at the rates of the senior manager. Out of pocket expenses will be an additional charge.

Recommended Firms for Underwriting Pool (in alphabetical order)

Bank of America Merrill Lynch
 Barclays Capital Inc.
 Citigroup Global Markets Inc.
 Drexel Hamilton LLC (Disabled Veteran Owned Enterprise)
 FHN Financial Capital Markets
 Goldman Sachs & Co. LLC
 J.P. Morgan Securities LLC
 Loop Capital Markets LLC (Minority Business Enterprise)
 Morgan Stanley
 Ramirez & Co., Inc. (Minority Business Enterprise)
 RBC Capital Markets, LLC
 Siebert Williams Shank & Co., LLC (Minority Business Enterprise)
 Stifel, Nicolaus & Company, Incorporated
 UBS Financial Services Inc.
 Wells Fargo Bank, N.A.

Evaluation of Proposals

The Request For Proposals (“RFP”) was sent on December 18, 2019 to 47 firms who had previously expressed interest in serving as underwriter on our bonds or were known as active in the California market. Proposals were due January 17, 2020 and were received from the 27 firms listed below:

List of Proposers
280 Securities
Academy Securities, Inc.
AmeriVet Securities, Inc.
BofA Securities, Inc.
Barclays Capital Inc.
Blaylock Van, LLC
Cabrera Capital Markets LLC
Citigroup Global Markets Inc.
D.A. Davidson & Co.
Drexel Hamilton, LLC
FHN Financial Capital Markets
Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC
Loop Capital Markets LLC
Mischler Financial Group, Inc.
Morgan Stanley & Co. LLC
Oppenheimer & Co. Inc.
Ramirez & Co., Inc.
RBC Capital Markets, LLC
Rice Financial Products Company
Siebert Williams Shank & Co., LLC
Stern Brothers & Co.
Stifel, Nicolaus & Company, Incorporated
Sumitomo Mitsui Banking Corp.
TD Securities (USA) LLC
UBS Financial Services Inc.
Wells Fargo Securities

Proposals were evaluated in accordance with the guidelines and the following criteria established in the RFP:

- Relevant experience of the firm and its individuals 25%
- Capabilities of the firm of underwriting & distributing LACMTA’s debt 30%
- Demonstrated commitment of the firm to LACMTA 25%
- Quality of the proposal 20%

Relevant experience included transportation debt, experience working directly with TIFIA or on debt that was secured by revenues that also secured TIFIA loans, toll revenue bonds, grant anticipation notes, and private activity bonds. In addition to experience, firms were asked to provide evidence demonstrating their commitment to LACMTA which included items such as bidding on recent competitive bond issues, liquidity support, or other materials that had been recently provided. The RFP also included questions about providing specific suggestions for the structuring of LACMTA's bonds as well as suggestions for our debt program, in general. The selection committee made up of four staff and LACMTA's general municipal advisor reviewed all proposals and scored the firms based on the evaluation criteria. The fifteen firms that ranked the highest are being recommended for inclusion in the underwriting pool.

Part of the review process included determining the preferred approach to structuring the Measure R refunding bonds, which, together with experience with related securities, weighed heavily in the selection of the firms recommended for the 2020 Measure R underwriting. These recommendations also reflect the LACMTA's Debt Policy of finding opportunities to contract with small, local and disadvantaged firms; given the large size of the transaction, this bond issue provides an opportunity to fulfill this policy goal. Two co-managers are minority owned firms. The other four members of the recommended underwriting team are large broker-dealers with strong marketing and distribution capabilities. A key factor in evaluating the firms' capabilities was the level of their participation in prior competitive bids for LACMTA bonds, their performance in such bids, and other areas of support.

Findings of Benefit

ATTACHMENT C

(Crenshaw/LAX Project TIFIA Loan Finding of Benefit Resolution)

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$546 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative proposed by the Mayor of Los Angeles and adopted by the MTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, implementation of the America Fast Forward Initiative would reduce project costs by approximately \$3.8 billion by minimizing anticipated cost escalation due to inflation; and

WHEREAS, accelerated construction would take advantage of any continuation of the current soft construction market to reduce costs potentially; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, MTA was awarded a \$546 million TIFIA loan for the Crenshaw/LAX Project; and

WHEREAS, MTA retains the right to use traditional tax-exempt borrowing for the Crenshaw/LAX Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Crenshaw/LAX Project would free up Measure R funds to meet the cash flow necessary to pay for an accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$546 million TIFIA loan, which would free up Measure R funds to accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Adopted this 4th day of April, 2012.

Findings of Benefit

ATTACHMENT C

(Regional Connector Project TIFIA Loan Finding of Benefit Resolution)

ATTACHMENT A

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$160 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative adopted by the MTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would take advantage of any continuation of the current soft construction market to reduce costs potentially; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, MTA was invited to apply for a \$160 million TIFIA loan for the Regional Connector Project; and

WHEREAS, MTA retains the right to use traditional tax-exempt borrowing for the Regional Connector Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Regional Connector Project would free up Measure R funds to meet the cash flow necessary to pay for a potential future accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

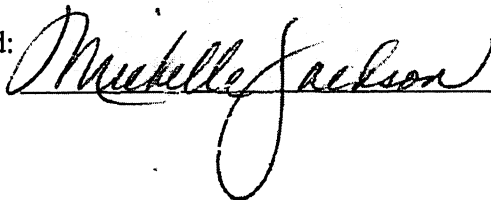
WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$160 million TIFIA loan, which would free up Measure R funds to potentially accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Prepared by: Ron Stamm, Principle Deputy County Counsel

Adopted this 9th day of October 2013.

Signed:



Michelle Jackson, Metro Board Secretary

Findings of Benefit

(Westside Purple Line Extension Section 1 Project TIFIA Loan Finding of Benefit Resolution)

ATTACHMENT C

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$856 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative adopted by the LACMTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, LACMTA was invited to apply for a \$856 million TIFIA loan for the Westside Purple Line Extension Section 1 Project; and

WHEREAS, LACMTA retains the right to use traditional tax-exempt borrowing for the Westside Purple Line Extension Section 1 Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Westside Purple Line Extension Section 1 Project would free up Measure R funds to meet the cash flow necessary to pay for a potential future accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of LACMTA finds that the economic, environmental and transit benefits of the \$856 million TIFIA loan, which would free up Measure R funds to potentially accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Adopted this 7th day of March 2014.

Findings of Benefit

ATTACHMENT C

(Westside Purple Line Extension Section 2 Project TIFIA Loan Finding of Benefit
Resolution)

Finding of Benefit Resolution

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$307 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, LACMTA is seeking a \$307 million TIFIA loan for the Westside Purple Line Extension Section 2 Project; and

WHEREAS, LACMTA retains the right to use traditional tax-exempt borrowing for the Westside Purple Line Extension Section 2 Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program has generated 49,850 annual full-time and part-time jobs since 2010; and is expected to generate 124,030 annual full-time and part-time jobs during the remaining construction program.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$307 million TIFIA loan, which would accelerate project delivery and avoid inflationary cost growth, exceed issuance and interest costs.

Adopted this 19th day of July, 2016

Signed:


Michele Jackson
LACMTA Board Secretary

Measure R TIFIA Loan Refinancing

Finance, Budget and Audit Committee
April 15, 2020

Measure R TIFIA Loan Refinancing

Existing TIFIA* Loan Summary

- Direct Loan with U.S. Department of Transportation
- Low-cost, project-specific financing of four major Metro projects

TIFIA Loans (repaid from Measure R) (in millions) (as of March 1, 2020)					
Project	Interest Rate	Loan Amount	Drawn to Date	Undrawn	Final Maturity
Crenshaw/LAX	2.43%	\$545.9	\$545.9	-	FY2034
Regional Connector	3.50%	160.0	141.9	\$18.1	FY2036
Westside Section 1	3.23%	856.0	642.6	213.4	FY2037
Westside Section 2	2.90%	307.0	307.0		FY2037
Grand Total		\$1,868.9	\$1,637.4	\$231.5	

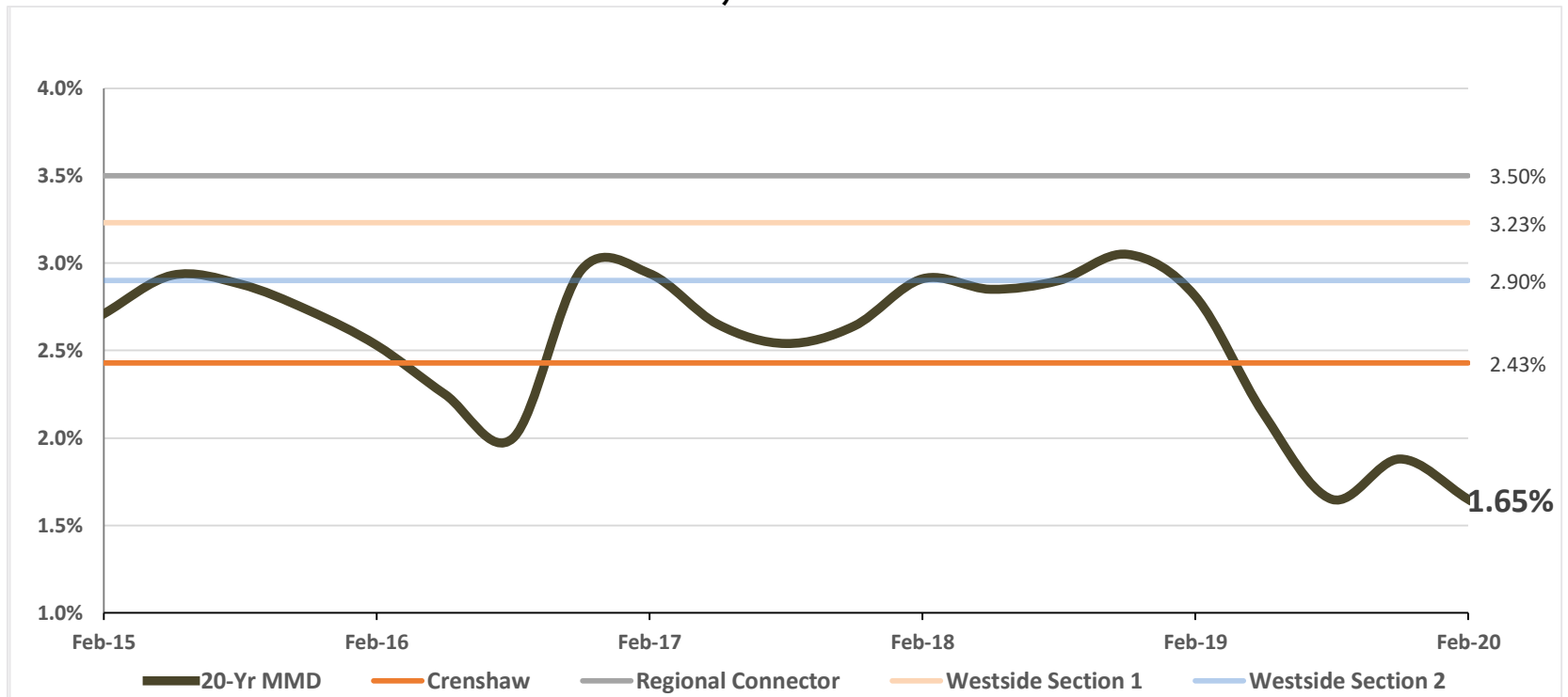


* Transportation Infrastructure Finance and Innovation Act

Measure R TIFIA Loan Refinancing

Historical 20-YR MMD* vs. TIFIA Interest Rates

February 2015-Present



* Municipal Market Data rate (interest rate)

The current interest rate environment presents Metro the opportunity to achieve meaningful savings.



Metro

Measure R TIFIA Loan Refinancing

Summary of Estimated Refinancing Results

<u>Outstanding TIFIA Loans</u>	Crenshaw	Regional Connector	Westside 1	Westside 2	Total
Initial TIFIA Amount (\$)	\$545,900,000	\$160,000,000	\$856,000,000	\$307,000,000	\$1,868,900,000
Outstanding Balance to be Refunded (\$)*	\$608,382,850	\$169,657,333	\$874,243,556	\$316,453,805	\$1,968,737,544
Initial TIFIA Rate (%)	2.43%	3.50%	3.23%	2.90%	--
<u>Projected Refinancing Results</u>					
Refinancing Bond Par Amount	\$484,615,000	\$105,915,000	\$633,345,000	\$231,175,000	\$1,455,050,000
Escrow Deposit	\$607,388,102	\$153,892,824	\$670,027,455	\$320,089,262	\$1,751,397,643
All -In TIC	1.83%	2.11%	2.21%	2.10%	2.06%
NPV Savings (\$)	\$42,139,472	\$18,860,263	\$86,221,668	\$25,652,082	\$172,873,485
NPV Savings (%)	6.93%	11.12%	9.86%	8.11%	8.78%

- Crenshaw/LAX portion of refinancing will be self-certified Green Bonds
- Baseline MMD AAA index as of 01/29/2020 plus credit spread of 10bps
- Refinancing all four loans can result approximately \$172.8 million of present value savings on Junior Subordinate Lien



*Balance = (Loan Amount + Capitalized Interest) + (Undrawn Amount)

Measure R TIFIA Loan Refinancing

Recommendation:

- A. Adopt a resolution authorizing the negotiated sale of up to \$1.75 billion of Measure R Bonds;
- B. Establish an underwriter pool for all future negotiated debt issues through June 30, 2024; and
- C. Appoint the underwriter team selected for the Refunding Bonds from the underwriter pool.

Next Steps:

- Obtain credit ratings on the bonds
- Complete legal documentation and initiate the pre-marketing effort
- Price the bonds

Measure R TIFIA Loan Refinancing

Discussion