



Board Report

File #: 2021-0123, **File Type:** Resolution

Agenda Number: 10.

**FINANCE, BUDGET & AUDIT COMMITTEE
MAY 19, 2021**

SUBJECT: MEASURE R BONDS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. Adopting a Resolution, Attachment A, that:
 1. Authorizes the negotiated sale and issuance of up to \$850 million in aggregate principal amount of Measure R Senior Sales Tax Revenue Bonds in one or more series, to finance capital projects; and refinance outstanding commercial paper notes.
 2. Approves the forms of the Supplemental Trust Agreement, Continuing Disclosure Certificate, Preliminary Official Statement, Bond Purchase Contract 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 subject to modification as set forth in the Resolution;
 3. Authorizes taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the Measure R Senior Sales Tax Revenue Bonds, Series 2021-A (the "Bonds").

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE.)

ISSUE

The Debt Policy provides guidelines for new money financings that may be long-term or short-term. Measure R new-money bond issues are permitted to provide funding for eligible expenditures on highway, commuter rail, bus and rail capital projects (collectively, the "Projects").

BACKGROUND

Approval of the above recommendations will authorize the issuance of the Bonds, with a par amount not to exceed \$850 million of tax-exempt fixed rate bonds, which will fund or reimburse LACMTA for

Measure R eligible capital projects and expenditures and refinance commercial paper notes, the proceeds of which financed such costs.

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 sooner than the alternative "pay as you go" basis.

The proposed \$850 million tax-exempt fixed-rate bond issue is needed to bridge the gap between annual Measure R sales tax receipts and the revenue needed to fund Measure R capital projects. Metro's Board-approved Debt Policy permits new debt issues for financing capital projects and certain capital equipment where financing over time, with interest, allows us to meet certain public policy goals such as accelerating the completion of projects and/or improvements. With an aggregate par amount of approximately \$850 million, \$744 million of the bond proceeds will be used for Measure R project construction and to pay the costs of issuance related to the transaction. The \$106 million balance will refinance existing short-term debt that was used to pay for Measure R capital projects.

In accordance with Section 8(i)(4) of the Measure R Ordinance, the Measure R Independent Taxpayers Oversight Committee of Metro (the "Oversight Committee") is required to find that the benefits of any proposed Measure R debt financing for accelerating project delivery avoids cost escalation, and exceeds issuance and interest costs prior to the Board authorizing the debt issuance. Treasury is scheduled to present the proposed debt issuance to the Oversight Committee on April 19, 2021.

A negotiated sale method is recommended for this sale of Measure R Senior Bonds in accordance with the Board-approved Debt Policy criteria for determining the method of bond sale due to the relatively large size of the transaction. Further, if market conditions change suddenly, a negotiated sale provides Metro the flexibility to alter the sale date and/or bond structure as needed. A negotiated sale method also allows Metro to advance its DBE/SBE/DVBE firm participation goals as well. The underwriters will pre-market the issue to target as many investors as possible, assist with the credit rating process and advise on market conditions for optimal bond pricing.

Consistent with the Metro Debt Policy, underwriters for this transaction will be selected by a competitive Request for Proposal ("RFP") process conducted by Fieldman Rollapp and Associates ("FRA"), Metro's Transaction Municipal Advisor. Nixon Peabody LLP and Kutak Rock LLP has been selected by Treasury staff and County Counsel to serve as Bond Counsel and Disclosure Counsel, respectively.

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. Funding for bond principal and interest expense for this Measure R financing will be added to FY22 and subsequent fiscal year budgets subject to the final debt service schedule. The funding sources for debt service of this financing are eligible for bus and rail operating and capital expenditures.

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

The Board could defer the issuance of the 2021 Measure R Bonds to a later time or indefinitely. This is not recommended as it could delay the construction of capital projects if Measure R funds are not available.

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

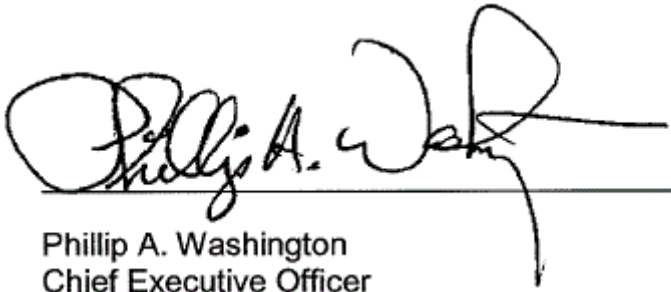
Attachment A - Authorizing Resolution

Attachment B - Finding of Benefit Resolution

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Phillip A. Washington
Chief Executive Officer

Additional Documents

[http://libraryarchives.metro.net/DB_Attachments/2021-0123/1\)%20Supplemental%20Trust%20Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0123/1)%20Supplemental%20Trust%20Agreement.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0123/2\)%20Continuing%20Disclosure%20Certificate.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0123/2)%20Continuing%20Disclosure%20Certificate.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0123/3\)%20Preliminary%20Official%20Statement.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0123/3)%20Preliminary%20Official%20Statement.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0123/4\)%20Bond%20Purchase%20Contract.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0123/4)%20Bond%20Purchase%20Contract.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 SENIOR SALES TAX REVENUE BONDS, APPROVING THE EXECUTION AND DELIVERY OF ONE OR MORE SUPPLEMENTAL TRUST AGREEMENTS, PURCHASE CONTRACTS, CONTINUING DISCLOSURE CERTIFICATES AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

(MEASURE R SALES TAX)

W I T N E S S E T H:

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, pursuant to the Act and the provisions of the Second Amended and Restated Trust Agreement, dated as of August 1, 2020 (as supplemented and amended from time to time, the "Trust Agreement"), between the LACMTA and U.S. Bank National Association (the "Trustee"), the LACMTA is authorized to issue Bonds (as defined in the Trust Agreement); and

WHEREAS, the LACMTA has determined that the issuance of one or more series of Bonds, in an aggregate principal amount not to exceed \$850,000,000, is necessary in order to: (a) finance, refinance (through repayment of all or a portion of the LACMTA's Subordinate Measure R Sales Tax Obligations ("Refunded Subordinate Obligations")), or reimburse itself for prior expenditures with respect to the costs of projects authorized in the Expenditure Plan adopted as part of the Ordinance (the "Expenditure Plan"); and (b) pay the costs of issuance incurred in connection with such Bonds (collectively, the "Financing"); and

WHEREAS, the LACMTA has determined that such Bonds shall be entitled "Los Angeles County Metropolitan Transportation Authority Measure R Senior Sales Tax Revenue Bonds," with such series designations and other additions and modifications as may be appropriate (collectively, the "Series 2021 Bonds"); and

WHEREAS, the LACMTA has determined that it is in its best interest to sell the Series 2021 Bonds to the public through a negotiated sale to one or more underwriters to be selected by a Designated Officer (as defined herein) through a competitive process by the LACMTA (the "Underwriters"); and

WHEREAS, the sale of the Series 2021 Bonds shall be in accordance with the Debt Policy of the LACMTA; and

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

(a) a Supplemental Trust Agreement (the "Supplemental Trust Agreement"), by and between the LACMTA and the Trustee, one or more of which will supplement the Trust Agreement for purposes of providing the terms and conditions of the Series 2021 Bonds;

(b) a Purchase Contract (the "Purchase Contract"), one or more of which will be entered into by one or more of the Underwriters and the LACMTA, which shall set forth the terms of the sale of the Series 2021 Bonds;

(c) a Preliminary Official Statement (the "Preliminary Official Statement"), one or more of which will provide information about the Series 2021 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 Series 2021 Bonds; and

(d) a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), one or more of which will be executed by the LACMTA, which will be used in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), and which will provide for the annual and periodic update of certain financial and operating information with respect to the LACMTA and the collection of the Measure R Sales Tax, among other things, and certain enumerated events; 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 Series 2021 Bonds and whether such Series 2021 Bonds are issued in a single issuance or multiple issuances, and said documents are subject to completion to reflect the results of the sale of the Series 2021 Bonds; and

WHEREAS, the LACMTA has pledged the Pledged Revenues pursuant to the terms of the Trust Agreement to secure the Bonds and certain other obligations of the LACMTA and once issued, the Series 2021 Bonds will be “Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, Section 5852.1 of the California Government Code requires that the governing body of a public body obtain from an underwriter, municipal 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, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing and to authorize the issuance of the Series 2021 Bonds, execution and delivery of one or more Supplemental Trust Agreements, Purchase Contracts and Continuing Disclosure Certificates, the preparation of one or more Preliminary Official Statements and preparation, execution and delivery of one or more Official Statements (as hereinafter defined) for the purposes, in the manner and upon the terms provided; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement;

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 and that:

(a) The issuance of one or more series of its Series 2021 Bonds under the Trust Agreement and the Supplemental Trust Agreement to finance, refinance (through repayment of the Refunded Subordinate Obligations), or reimburse itself for prior expenditures with respect to the costs of projects authorized in the Expenditure Plan, and to pay certain costs of issuance related to the issuance of the Series 2021 Bonds, is in the public interest.

(b) Under the provisions of the Ordinance, all of the Pledged Tax Revenues are revenues of the LACMTA available for the Expenditure Plan and are available to be and are, by the terms of the Trust Agreement, pledged, to secure the Series 2021 Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and as to be supplemented as set forth in the Supplemental Trust Agreement, are reasonable and proper for the security of the holders of the Series 2021 Bonds.

Section 2. Issuance of Series 2021 Bonds. The Board hereby authorizes the issuance by the LACMTA of one or more series of Series 2021 Bonds in a total aggregate principal amount not to exceed \$850,000,000 to: (a) finance, refinance (through repayment of the Refunded Subordinate Obligations), or reimburse itself for prior expenditures with respect to, the costs of projects authorized in the Expenditure Plan; and (b) pay the costs of issuance incurred in connection with the Financing; *provided, however*, that the True Interest Cost (as defined below) of each series of the Series 2021 Bonds shall not exceed 4.00%, as such shall be calculated by the LACMTA’s municipal advisor as of the date of delivery of each series of the Series 2021 Bonds. The LACMTA hereby specifies that the Series 2021 Bonds shall mature not later than June 1, 2039.

The Series 2021 Bonds may be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The LACMTA desires to designate the Chair of the Board, any Vice Chair of the Board, the Chief Executive Officer of LACMTA, the Chief Financial Officer of LACMTA, the Treasurer of LACMTA, any Assistant Treasurer of LACMTA, any Executive Officer - Finance of LACMTA and any Deputy Executive Officer - Finance of LACMTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a “Designated Officer”) and the Designated Officers, acting in accordance with this Section 2, are each hereby severally authorized to determine the actual aggregate principal amount of each series of Series 2021 Bonds to be issued (not in excess of the maximum amount set forth above), and to direct the execution and authentication of the Series 2021 Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. Payment of the principal of, interest on and premium, if any, on the Series 2021 Bonds shall be made at the place or places and in the manner provided in the Trust Agreement and the Supplemental Trust Agreement.

As used herein, the term “True Interest Cost” shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the applicable series of Series 2021 Bonds and to the principal amount and original issue premium, if any, less underwriters’ discount and original issue discount, if any, of the applicable series of Series 2021 Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the applicable series of Series 2021 Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such other reasonable assumptions and methods as determined by the LACMTA’s municipal advisor.

Section 3. Terms of Series 2021 Bonds. The Series 2021 Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Series 2021 Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Supplemental Trust Agreement. The Series 2021 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 final form of the Supplemental Trust Agreement. Interest on the Series

2021 Bonds shall be paid at the rates and on the dates set forth in the final form of the Supplemental Trust Agreement; *provided, however*, no Series 2021 Bond shall bear interest at a rate in excess of 6.00% per annum. The Series 2021 Bonds may be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the final forms of the Supplemental Trust Agreement and the Purchase Contract, or not be subject to redemption. The Series 2021 Bonds issued as term bonds, if any, shall be subject to mandatory sinking fund redemption as and to the extent set forth in the final forms of the Supplemental Trust Agreement and the Purchase Contract.

Execution and delivery of the Supplemental Trust Agreement, which document will contain the maturities, principal amounts, 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, principal amounts, interest rates and payment obligations.

Section 4. Special Obligations. The Series 2021 Bonds shall be special obligations of the LACMTA payable from and secured by a prior lien on and pledge of Pledged Revenues and from the funds and accounts held by the Trustee under the Trust Agreement as provided therein.

Section 5. Form of Series 2021 Bonds. The Series 2021 Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Series 2021 Bonds and the obligation represented thereby.

Section 6. Execution of Series 2021 Bonds. Each of the Series 2021 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 Series 2021 Bonds.

Section 7. Approval of Documents; Authorization for Execution. The forms, terms and provisions of the Supplemental Trust Agreement, Purchase Contract and 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 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 one or more Supplemental Trust Agreements, Purchase Contracts and Continuing Disclosure Certificates, including counterparts thereof. The Supplemental Trust Agreement(s), Purchase Contract(s) and Continuing Disclosure Certificate(s), as executed and delivered, shall be in substantially the forms 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 Supplemental Trust Agreement, the Purchase Contract and the Continuing Disclosure Certificate, 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 Supplemental Trust Agreement, the Purchase Contract and 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 each Supplemental Trust Agreement, the Purchase Contract and the Continuing Disclosure Certificate.

Section 8. Sale of Series 2021 Bonds.

(a) The Designated Officers are each authorized and directed to engage third parties, including but not limited to, Underwriters, that such Designated Officer deems necessary or advisable in order to: consummate the Financing, assist with the issuance and sale of the Series 2021 Bonds, to manage and administer the Financing after the issuance and sale of the Series 2021 Bonds or otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

(b) The Board hereby authorizes the initial sale of the Series 2021 Bonds to the public through a negotiated sale to the Underwriters. The Series 2021 Bonds shall be sold subject to an Underwriters' discount (excluding original issue discount and premium) not to exceed \$1.50 per \$1000 of principal amount of the Series 2021 Bonds and subject to the terms and conditions set forth in the form of the Purchase Contract.

Section 9. Preliminary Official Statement and Official Statement. One or more Preliminary Official Statements shall be used by the LACMTA in connection with the sale and issuance of the Series 2021 Bonds. 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 Series 2021 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 promulgated under the Securities Exchange Act of 1934, as amended, 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 applicable Series 2021 Bonds and the terms and conditions of the Trust Agreement and the Supplemental 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 Series 2021 Bonds from time to time. The Underwriters are hereby further authorized to distribute (via printed 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. 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 Series 2021 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.

Section 10. Trustee, Paying Agent and Registrar. U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Registrar for the Series 2021 Bonds. Such appointments shall be effective upon the issuance of the Series 2021 Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 11. Additional Authorization. Each Designated Officer, for and on behalf of the LACMTA, is and they hereby are, jointly and severally authorized and directed to do any and all things necessary to effect the issuance of the Series 2021 Bonds, and the execution and delivery of each Supplemental Trust Agreement, each Purchase Contract, and each Continuing Disclosure Certificate, and to carry out the terms thereof. The officers, employees and agents of the LACMTA, including, but not limited to the Designated Officers, 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 tax certificates or 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 Financing and the issuance and sale of the Series 2021 Bonds, to manage and administer the Financing after the issuance and sale of the Series 2021 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, this Resolution, the Series 2021 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 Series 2021 Bonds, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of the Series 2021 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. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Series 2021 Bonds, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, if necessary, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Series 2021 Bonds, and any such notices are hereby ratified, confirmed and approved.

In connection with the sale of all or a portion of the Series 2021 Bonds, any Designated Officers 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 to support the timely payment of principal of and interest on all or a portion of the Series 2021 Bonds, said municipal bond insurance to contain such terms and conditions as such Designated Officer(s) shall determine is appropriate or necessary for the issuance of the Series 2021 Bonds.

Section 12. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by Chair of the Board, any Vice Chair of the Board, the Chief Executive Officer of LACMTA, the Chief Financial Officer of LACMTA, the Treasurer of LACMTA, any Assistant Treasurer of LACMTA, any Executive Officer - Finance of LACMTA or any Deputy Executive Officer - Finance of 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 13. Investments. Each Designated Officer is hereby authorized to invest the proceeds of the Series 2021 Bonds in accordance with the Trust Agreement and the Supplemental Trust Agreement and the LACMTA’s Investment Policy 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 Supplemental 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 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 Series 2021 Bonds or enhance the relationship between risk and return with respect to investments.

Section 14. Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following are set forth in Exhibit A attached hereto:

(a) the true interest cost of the Series 2021 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Series 2021 Bonds, (c) the amount of proceeds of the Series 2021 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 Series 2021 Bonds, and (d) the sum total of all debt service payments on the Series 2021 Bonds calculated to the final maturity of the Series 2021 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Series 2021 Bonds.

Section 15. Further Actions. From and after the delivery of the Series 2021 Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify each document authorized or authorized to be amended by this Resolution 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 or investment agreement and enter into one or more municipal bond insurance 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 Series 2021 Bonds, to be used to pay costs of issuance of the Series 2021 Bonds, including, but not limited to, costs of attorneys, accountants, municipal 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. Severability. The provisions of this Resolution are hereby declared to be severable and if any section, phrase or provision shall for any reason be declared to be invalid, such sections, phrases and provisions shall not affect any other provision of this Resolution.

Section 18. Electronic Signatures. The Board hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 19. Effective Date. This Resolution shall be effective with respect to the Series 2021 Bonds issued on or before June 30, 2022.

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 May 27, 2021.

[SEAL]

By _____
Interim Board Secretary, Los Angeles
County Metropolitan Transportation
Authority

Dated: _____, 2021

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”) with respect to the bonds (the “Bonds”) approved in the attached Resolution, and is provided in compliance with Section 5852.1 of the California Government Code with respect to the Bonds:

Section 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 3.01%.

Section 2. Finance Charge of the Bonds. Based on market interest rates prevailing 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 \$1,603,407.35, as follows:

(a) Underwriters’ Discount	\$1,086,727.50
(b) Bond Counsel and Disbursements	120,000.00
(c) Disclosure Counsel and Disbursements	48,500.00
(d) Municipal Advisor and Disbursements	70,000.00
(e) Rating Agencies	222,600.00
(f) Other	55,579.85
Total	<u>\$1,603,407.35</u>

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing 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 Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$850,000,000.

Section 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 Section 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$1,109,442,338.

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 Bonds 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 to provided funds for the Financing 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 4.00%.

Finding of Benefit

(Measure R Senior Sales Tax Revenue Bonds, Series 2021-A Finding of Benefit
Resolution)

ATTACHMENT A

**RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE
BENEFITS OF A MEASURE R BOND ISSUANCE EXCEED ISSUANCE AND
INTEREST COSTS**

WHEREAS, the Measure R Ordinance provides for the establishment and implementation of a retail transactions and use tax for a period of thirty years and an expenditure plan that describes the Measure R transit capital projects to be constructed with the proceeds of such tax; and

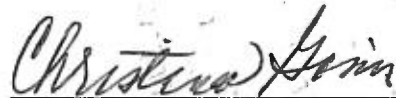
WHEREAS, the accelerated construction of certain Measure R transit capital projects would avoid inflationary cost escalation; and

WHEREAS, the proposed \$850 million debt financing would provide additional funds to meet the cash flow necessary to pay for an accelerated construction program for Measure R transit capital projects; and

NOW, THEREFORE, the Measure R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$850 million debt financing, which would accelerate project delivery and avoid inflationary cost escalation, exceed issuance and interest costs.

Adopted this 19th day of April, 2021.

Signed:



Interim Board Secretary, Los Angeles
County Metropolitan Transportation
Authority