Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2025-0109, **File Type:** Resolution **Agenda Number:** 16.

FINANCE, BUDGET AND AUDIT COMMITTEE
APRIL 17, 2025

SUBJECT: PROPOSITION A AND PROPOSITION C SHORT-TERM BORROWING PROGRAMS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

ADOPT:

A. a resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct-pay letter of credit ("LOC") with respect to the Proposition A ("Prop A") short-term borrowing program (Attachment A); and

B. a resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct purchase revolving credit facility with respect to the Proposition C ("Prop C") short-term borrowing program (Attachment B).

(REQUIRES SEPARATE, SIMPLE MAJORITY VOTE OF THE BOARD)

ISSUE

The Prop A and Prop C Short-Term Borrowing programs have proven to be flexible, cost-effective methods of short-term financing for Metro's capital program. The Prop A LOC provided by Bank of America expires in June 2025 and the Prop C Revolving Credit Facility ("RCF") with the Bank of Montreal (BMO), formerly known as Bank of the West, expires in May 2025.

BACKGROUND

The Board established the Prop A short-term borrowing program in January 1991 to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received. Under the Proposition A short-term borrowing program, Metro is authorized to issue and have outstanding at any one time up to $350 million in Commercial Paper ("CP") notes. An LOC, which guarantees payment of the maturing CP Notes, is a required feature of the CP program.

CP is a short-term debt instrument that can be issued with maturities from 1 to 270 days. As notes mature, new notes are simultaneously issued (i.e. "rolled over"). The LOC provides guaranteed liquidity to investors when their notes mature and are a required component of the program.

Additionally, the LOC provides a safety net to Metro in the form of a term loan in the unlikely event the notes cannot be remarketed, protecting Metro from incurring an obligation to immediately repay the entire amount of maturing CP Notes using funds on hand. The CP will be backed by a subordinate pledge of 75% of Prop A sales tax revenues. Metro can issue either tax-exempt or taxable CP under the Prop A CP program.

The Board established the Prop C short-term borrowing program in June 1993 to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received. Under the Proposition C short-term borrowing program, Metro is authorized to issue and have outstanding at any one time up to $150 million in CP notes or revolving credit obligations.

Under the Prop C RCF program, the selected bank will provide short-term revolving loans directly to Metro in an aggregate amount of up to $150 million outstanding at any one time. The loans provided under the Prop C RCF will bear interest at variable interest rates based on an index of 80% of 1-month Secured Overnight Financing Rate ("SOFR") for tax-exempt loans and 100% of 1-month SOFR for taxable loans, plus the bank's applicable fee. The Prop C RCF will be backed by a subordinate pledge of 80% of Prop C sales tax revenues.

DISCUSSION

A request for proposals was sent to 18 banks by Metro's municipal advisor, PFM Financial Advisors LLC ("PFM"). Under Metro's Debt Policy, the municipal advisor conducts a competitive process to select financial product providers, including letters of credit. The request for proposal required banks to have short-term ratings of at least P-1, A-1 or F-1 from at least two of the three following rating agencies: Moody's Investors Service, Standard & Poor's and Fitch Ratings, as is standard practice and required by Metro's Debt Policy. Evaluation criteria included pricing, any rate penalties investors may impose on a particular bank, the status of a bank's credit approval, and willingness to execute the form of agreement. Local institutions do not offer these types of financial products or services. Overall program objectives include low cost and maximizing access to borrowing capacity achieved through diversification of products and providers. Seven proposals were received for a commitment amount of $150 million for each program. The selection group was composed of Treasury staff and PFM. The selection group ranked each proposer and recommended Sumitomo Mitsui Banking Corporation (SMBC) for the Prop A LOC (4-year term) and BMO for the Prop C RCF (3-year term) (See Attachment C).

Costs will vary depending on the amount of tax-exempt and taxable debt Metro issues under the Prop A and Prop C programs. Additional fees and interest may be incurred under certain extreme circumstances. None of Metro's CP notes have failed to be remarketed to date.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding of $26.2 million for the Prop A and Prop C programs are included in the FY2025 budget in

Cost Center #0521, Treasury Non-Departmental, under project #610306, task 03.01 and project #611309, task 01 for Prop A and project #610307, task 03.01 for Prop C. The cost center manager and the Chief Financial Officer will be accountable for budgeting the cost in future years.

Impact to Budget
The funding sources of Prop A and Prop C are eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

Approval of this item will maintain liquidity support and/or borrowing capacity for Metro's Prop A and Prop C short-term borrowing programs that facilitate planned financing for Metro's capital program. At this time, there are no specific equity benefits or concerns anticipated due to this action.

VEHICLE MILES TRAVELED OUTCOME

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received. Because the Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

* Based on population estimates from the United States Census and VMT estimates from the highway performance monitoring system data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following Metro Strategic Plan Goal(s):

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

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommended credit support or facility for the Prop A CP or the Prop C RCF programs. The termination of the Prop A CP or the Prop C RCF programs reduces Metro's liquidity and hinders the ability to provide low-cost short-term financing options when needed on Prop A and Prop C projects. The capital projects that require immediate cash flow to continue moving forward would not have financing mechanisms in place. This alternative is not recommended.

NEXT STEPS

- Negotiate final terms and conditions with the recommended banks.
- If satisfactory terms cannot be agreed upon with one or both recommended banks, negotiate with the next highest-ranked proposers for the applicable program (Prop A or Prop C, as applicable) to obtain the best combination of terms and pricing.
- Prepare agreements and documentation to implement the replacement LOC and RCF, including, among others, notices, reimbursement agreements, fee agreements, reimbursement notes, credit agreements, revolving obligation notes, supplemental trust agreements and offering memoranda.
- Obtain credit ratings for the CP notes based on the credit ratings of the selected bank.
- Execute documents prior to the expiration date of the current agreements in May and June of 2025.

ATTACHMENTS

Attachment A - Proposition A Authorizing Resolution
Attachment B - Proposition C Authorizing Resolution
Attachment C - Bank Recommendation Summary

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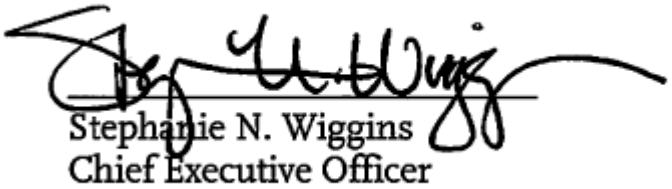


Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

Proposition A Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A REIMBURSEMENT AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION A COMMERCIAL PAPER PROGRAM AND AUTHORIZING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue indebtedness and securities of any kind or class, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other obligations ("Bonds"), to finance and refinance the acquisition, construction, rehabilitation or equipping of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission is authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition A Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any Bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of such bonds and any premium, interest on such Bonds and the costs of issuance of such Bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA by resolution adopted January 23, 1991 (the "1991 Authorizing Resolution"), authorized and implemented a program of commercial paper (the "Program") involving the issuance from time to time of the Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A (the "Notes") for the purpose of providing for the financing of the acquisition of real and personal property and the construction of the Public Transportation System, provided that the aggregate principal amount of Notes and Reimbursement Obligations (as defined in such 1991 Authorizing Resolution) outstanding at any time shall not exceed $350,000,000; and

WHEREAS, the Notes and other obligations incurred in connection with the Program are issued under and secured by the Subordinate Trust Agreement, dated as of January 1, 1991 (the

"Subordinate Agreement"), by and between the LACMTA (as successor to the Commission) and U.S. Bank Trust Company, National Association, as successor to BancAmerica Trust Company, as successor to Security Pacific National Trust Company (New York), as trustee (the "Trustee"); the First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991, as amended (the "First Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the "Second Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "Third Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "Fourth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the "Fifth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the "Sixth Supplemental Trust Agreement"); and the Seventh Supplemental Subordinate Trust Agreement, dated as of September 1, 2010 (the "Seventh Supplemental Trust Agreement" and collectively with the Subordinate Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement and the Sixth Supplemental Trust Agreement, the "Trust Agreement"), by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has determined that it is necessary and desirable to have the Notes supported by one or more letters of credit (the "Letter of Credit," or the "Letters of Credit") that are delivered pursuant to the terms of one or more reimbursement agreements (each, a "Reimbursement Agreement," or collectively the "Reimbursement Agreements") each between the LACMTA and one or more providers of a Letter of Credit (a "Letter of Credit Provider," or the "Letter of Credit Providers") that, along with one or more related fee letters between the LACMTA and the related Letter of Credit Provider or Letter of Credit Providers (each, a "Fee Letter" or the "Fee Letters"), set forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, the Notes are currently supported by a Letter of Credit (the "BANA Letter of Credit") previously issued by Bank of America, N.A. ("BANA"), in the stated amount of $163,315,069, as amended to date, which expires on September 22, 2025; and

WHEREAS, BANA issued the BANA Letter of Credit pursuant to the Reimbursement Agreement, dated as of June 1, 2022, between the LACMTA and BANA; and

WHEREAS, the LACMTA now desires to (a) replace the BANA Letter of Credit with a Letter of Credit (the "SMBC Letter of Credit") to be issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch ("SMBC") in the stated amount of $163,315,069 (representing principal of up to $150,000,000 plus interest of up to $13,315,069), or (b) replace the BANA Letter of Credit with one or more new Letters of Credit to be issued by such other Letter of Credit Provider(s) or one or more alternative bank products ("Alternative Bank Products"), as requested in the Bank RFP (defined below), to be provided by such financial institutions in a combined available amount not to exceed $163,315,069 (representing principal of up to $150,000,000 plus an interest component, if any, of up to $13,315,069) that may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposals to Provide Replacement Direct Pay Letter of Credit and/or Bank Product and/or Alternative Products" (the "Bank RFP") distributed to potential respondents on February 11, 2025 (each, an "Other Letter of Credit Provider");

WHEREAS, so long as the Program is active, the LACMTA deems it necessary and desirable to have one or more Letters of Credit securing the payment of principal of and interest on the Notes as they mature from time to time; and

WHEREAS, currently, no Notes are outstanding; and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of Bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the Bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure, and may enter into credit enhancement or liquidity agreements, with payment, interest rate, currency, security, default, remedy, and other terms and conditions as the public entity determines; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements to be entered into in connection with, or incidental to, the Program, will reduce the amount and duration of interest rate risk with respect to the Notes issued under the Program and are 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 Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in order to minimize debt service and maximize benefits to the LACMTA, the LACMTA will enter into one or more Reimbursement Agreements with BANA, SMBC, and/or such Other Letter of Credit Provider which will provide one or more Letters of Credit that will separately secure the payment of principal of and interest on certain designated Notes as issued and maturing from time to time, or the LACMTA will enter into one or more agreements for Alternative Bank Products pursuant to the Bank RFP; and

WHEREAS, the LACMTA desires that BANA, SMBC, and/or such Other Letter of Credit Provider will provide credit support for $150,000,000 in aggregate principal amount of the Notes (which is only a portion of the $350,000,000 authorized under the 1991 Authorizing Resolution); and

WHEREAS, forms of the following documents are on file with the Clerk 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 Letter of Credit Reimbursement Agreement (the "SMBC Reimbursement Agreement"), that will be entered into by the LACMTA and SMBC in connection with the issuance of the SMBC Letter of Credit;

(b) a Fee Letter (the "SMBC Fee Letter"), that will be entered into by the LACMTA and SMBC;

(c) a Reimbursement Note (the "SMBC Reimbursement Note" and collectively, with the SMBC Reimbursement Agreement and the SMBC Fee Letter, the "Documents"), that will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the SMBC Reimbursement Agreement and the SMBC Fee Letter; and

(d) a Commercial Paper Offering Memorandum (the "Offering Memorandum"), to be used in connection with the offer and sale of the Notes; 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 are subject to modification to reflect the various details applicable to the Program and the Notes and the results of negotiation with SMBC (or BANA or an Other Letter of Credit Provider, as the case may be); and

WHEREAS, in the event the LACMTA decides that it is in its best interests to renew the BANA Letter of Credit or replace such Letter of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s) other than SMBC, the LACMTA will (a) enter into one or more Reimbursement Agreements with the Other Letter of Credit Provider(s), (b) will enter into one or more fee agreements or fee letters with the Other Letter of Credit Provider(s), (c) execute and deliver one or more reimbursement notes relating to such Reimbursement Agreement or Agreements, and (d) revise and deliver the Offering Memorandum relating to such Letters of Credit and Other Letter of Credit Provider(s); 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 foregoing recitals are true and correct and the LACMTA so finds and determines.

Section 2. Approval of Documents; Authorization for Execution. The LACMTA hereby approves the appointment of SMBC and/or BANA and/or such Other Letter of Credit Provider selected and appointed by a Designated Officer (as defined below), as the providers of the Letters of Credit (in a combined stated amount of up to $163,315,069 (representing principal of up to $150,000,000 plus interest of up to $13,315,069)) with respect to the Program and the Notes. The form, terms and provisions of the Documents are in all respects approved and the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the 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 any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the LACMTA. The Documents, as executed and delivered, shall be in substantially the forms now on file with the Clerk 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 forms of the Documents now on file with the Clerk of the Board and made available to the Board; and from and after the execution and delivery of the Documents, 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 Documents.

If a Designated Officer determines that it is in the LACMTA's best interests to replace the BANA Letter of Credit with one or more Letters of Credit to be issued by one or more Other Letter of

Credit Provider(s), instead of SMBC, the Designated Officers are hereby authorized to (a) (i) enter into one or more Reimbursement Agreements with one or more Other Letter of Credit Provider(s) (each an "Alternate Reimbursement Agreement"), (ii) enter into one or more fee agreements or fee letters with one or more Other Letter of Credit Provider(s) (each an "Alternate Fee Agreement") and (iii) execute and deliver one or more reimbursement notes (each an "Alternate Reimbursement Note") or (b) enter into documents relating to Alternative Bank Products pursuant to the Bank RFP (each an "Alternate Product," and collectively with the Alternate Reimbursement Agreement, the Alternate Fee Agreement and the Alternate Reimbursement Note, the "Alternate Documents"). The Alternate Documents, as executed and delivered, may be substantially similar to the forms of the Documents now on file with the Clerk 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 forms of the Documents now on file with the Clerk of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Documents, 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 Alternate Documents.

The LACMTA hereby determines that entering into one or more Reimbursement Agreements with SMBC, BANA, and/or such Other Letter of Credit Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into a Reimbursement Agreement with SMBC, BANA, and/or such Other Letter of Credit Provider unless (a) such Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the Notes, (b) the term of such Reimbursement Agreement or Alternate Product does not exceed the Program Termination Date; and (c) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Net Pledged Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes.

Section 3. Offering Memorandum. The distribution by any of the Dealers of an Offering Memorandum in connection with the offering and sale of the Notes from time to time in substantially the form on file with the Clerk of the Board and made available to the Board, with such changes therein as shall be approved by a Designated Officer, is hereby authorized and approved. Each Offering Memorandum so distributed shall first be approved by a Designated Officer pursuant to the terms of the Dealer Agreements. The Dealers are hereby authorized to distribute Offering Memoranda in final form to market the Notes from time to time, and are hereby authorized to distribute copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as a Designated Officer shall approve.

Section 4. Additional Authorization. The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and/or the Alternate Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on

behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Documents and/or the Alternate Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Documents and the delivery of the SMBC Letter of Credit and/or the execution and delivery of the Alternate Documents and/or the issuance of a new Letter of Credit by an Other Letter of Credit Provider, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the Notes. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for 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 amendments or supplements to the Trust Agreement deemed not materially adverse to the Holders, extend the expiration date of any Letter of Credit, and any additional amendments to agreements relating to obligations payable from Net Pledged Revenues, which they, or any of them, may deem necessary or advisable in order to manage and administer the Program. All actions heretofore taken by the Designated Officers and all other officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 5. **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 declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 6. **Effective Date**. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Clerk 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 April 24, 2025.

By _____
Board Clerk, Los Angeles County Metropolitan Transportation Authority

Dated: _____ __, 2025

ATTACHMENT B

Proposition C Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE REVOLVING CREDIT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION C REVOLVING OBLIGATIONS, THE EXECUTION AND DELIVERY OF ONE OR MORE REIMBURSEMENT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION C COMMERCIAL PAPER PROGRAM AND AUTHORIZING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue indebtedness and securities of any kind or class, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other obligations ("Bonds"), to finance and refinance the acquisition, construction, rehabilitation or equipping of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission is authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition C Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any Bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of such Bonds and any premium, interest on such Bonds and the costs of issuance of such Bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA by resolution adopted June 23, 1993 (the "1993 CP Authorizing Resolution"), authorized and implemented a commercial paper program (the "CP Program") involving the issuance, from time to time, of the Subordinate Proposition C Sales Tax Revenue Commercial Paper Notes, Series A (the "CP Notes") for the purpose of providing for the financing of the acquisition and construction of the Public Transportation System, provided that the aggregate principal amount of CP Notes and Reimbursement Obligations (as defined in the 1993 CP Authorizing Resolution) outstanding at any time shall not exceed $150,000,000; and

WHEREAS, the CP Notes and other obligations incurred in connection with the CP Program are issued under and secured by the Subordinate Trust Agreement, dated as of June 1, 1993 (the "Subordinate Master Trust Agreement"), by and between the LACMTA and U.S. Bank Trust Company, National Association, as successor to Bank of America National Trust and Savings Association, as trustee (the "Trustee"), and the First Supplemental Subordinate Trust Agreement, dated as of June 1, 1993 (the "Original First Supplemental Subordinate Trust Agreement"), by and between the LACMTA and the Trustee, as amended by Amendment No. 1 to First Supplemental Subordinate Trust Agreement, dated as of October 16, 1995 (the "First Amendment"), by and between the LACMTA and the Trustee, Amendment No. 2 to First Supplemental Subordinate Trust Agreement, dated as of July 1, 1996 (the "Second Amendment"), by and between the LACMTA and the Trustee, Amendment No. 3 to First Supplemental Subordinate Trust Agreement, dated as of June 1, 1998 (the "Third Amendment"), by and between the LACMTA and the Trustee, Amendment No. 4 to First Supplemental Subordinate Trust Agreement, dated as of May 1, 2002 (the "Fourth Amendment"), by and between the LACMTA and the Trustee, Amendment No. 5 to First Supplemental Subordinate Trust Agreement, dated as of January 1, 2008 (the "Fifth Amendment"), by and between the LACMTA and the Trustee, Amendment No. 6 to First Supplemental Subordinate Trust Agreement, dated as of September 1, 2010 (the "Sixth Amendment" and collectively with the Original First Supplemental Subordinate Trust Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Sixth Amendment, the "First Supplemental Subordinate Trust Agreement"), the Second Supplemental Subordinate Trust Agreement, dated as of April 1, 2013 (the "Second Supplemental Subordinate Trust Agreement"), the Third Supplemental Subordinate Trust Agreement, dated as of March 1, 2016 (the "Third Supplemental Subordinate Trust Agreement"), the Fourth Supplemental Subordinate Trust Agreement, dated as of April 1, 2019 (the "Fourth Supplemental Subordinate Trust Agreement"), and the Fifth Supplemental Subordinate Trust Agreement, dated as of June 1, 2022 (the "Fifth Supplemental Subordinate Trust Agreement" and, together with the Subordinate Master Trust Agreement, the First Supplemental Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement, the Third Supplemental Subordinate Trust Agreement, and the Fourth Supplemental Subordinate Trust Agreement, the "Subordinate Trust Agreement"), each by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has previously determined that it is necessary and desirable to have the CP Notes supported by one or more letters of credit (the "Letter of Credit," or the "Letters of Credit") that are delivered pursuant to the terms of one or more reimbursement agreements (a "Reimbursement Agreement," or the "Reimbursement Agreements") each between the LACMTA and one or more providers of a Letter of Credit (a "Letter of Credit Provider," or the "Letter of Credit Providers") that sets forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, currently, no CP Notes are outstanding; and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of Bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the Bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure and may enter into credit enhancement or liquidity agreements, with payment, interest rate, currency, security, default, remedy, and other terms and conditions as the public entity determines; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that any Reimbursement Agreement(s) to be entered into in connection with, or incidental to, the CP Program, will reduce the amount and duration of interest rate risk with respect to CP Notes issued under the CP Program and are 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 such CP Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in addition to the authority to issue CP Notes, pursuant to the terms of the Subordinate Trust Agreement, the LACMTA is authorized to issue and/or incur, from time to time, Subordinate Obligations in the form of Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the "Subordinate Revolving Obligations"); and

WHEREAS, the Subordinate Revolving Obligations are issued and/or incurred in the form of one or more revolving lines of credit (a "Revolving Line of Credit") provided by one or more providers of such Revolving Lines of Credit (a "Line of Credit Provider"); and

WHEREAS, a Revolving Line of Credit (the "Existing Revolving Line of Credit") is currently provided by BMO Bank N.A., as successor by merger to Bank of the West ("BMO") pursuant to the Revolving Credit Agreement, dated as of June 1, 2022, by and between the LACMTA and BMO, as amended to date, which is scheduled to expire on August 28, 2025; and

WHEREAS, the LACMTA now desires to (i) extend the Existing Revolving Line of Credit with BMO, or (ii) replace the Existing Revolving Line of Credit with one or more replacement Revolving Lines of Credit to be provided by such other Line of Credit Provider(s) that may be selected by the LACMTA from the pool of respondents pursuant to the Bank RFP (defined below) (each, an "Other Line of Credit Provider"), or (iii) replace the Existing Revolving Line of Credit with CP Notes supported by one or more Letters of Credit, pursuant to one or more Reimbursement Agreements and the related fee letters with one or more Letter of Credit Providers that may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposals to Provide Replacement Direct Pay Letter and/or Bank Product and/or Alternative Products" (the "Bank RFP") distributed to potential respondents on February 11, 2025; and

WHEREAS, the proposed extended Revolving Line of Credit (the "Extended Revolving Line of Credit") will be provided to the LACMTA by BMO or the replacement Revolving Line of Credit will be provided to the LACMTA by such Other Line of Credit Provider, as applicable, pursuant to a revolving credit agreement (each, a "Credit Agreement") to be entered into by and between the LACMTA and BMO or such Other Line of Credit Provider, as applicable, whereby the LACMTA will be allowed to request Advances (as defined in the applicable Credit Agreement), from time to time, in an aggregate principal amount not to exceed $150,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of facilities authorized under the Act and Ordinance No. 49 (including, but not limited to facilities to be used as part of a Public Transportation System), to finance certain costs of issuance and for any other financing needs of the LACMTA authorized under the Act and Ordinance No. 49 (including, but not limited to, the refunding and restructuring of existing indebtedness of the LACMTA); and

WHEREAS, the Advances (as defined in the applicable Credit Agreement), the Revolving Loans (as defined in the applicable Credit Agreement) and the Term Loans (as defined in the applicable

Credit Agreement) will be incurred pursuant to the Subordinate Trust Agreement and the applicable Credit Agreement; and

WHEREAS, the obligations incurred by the LACMTA pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans and the Term Loans) will be limited obligations of the LACMTA, secured by, and payable from, Net Pledged Revenues and such other funds and accounts as provided in the Subordinate Trust Agreement and will be evidenced by one or more promissory notes; and

WHEREAS, the Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the LACMTA on such Advances, Revolving Loans and Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the "Code") and/or (ii) included in the gross income of the recipients thereof under the Code; and

WHEREAS, forms of the following documents are on file with the Clerk 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") with respect to the Extended Revolving Line of Credit:

(a) an Amended and Restated Revolving Credit Agreement (the "BMO Credit Agreement"), to be entered into by the LACMTA and BMO, in connection with the Extended Revolving Line of Credit; and

(b) a Tax-Exempt Note and a Taxable Note (the "BMO Revolving Obligation Notes," and together with the BMO Credit Agreement, the "Revolving Obligations Documents"), that will be executed and delivered by the LACMTA to evidence its payment and reimbursement obligations under the BMO Credit Agreement; 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 are subject to modification to reflect the various details applicable to the Subordinate Revolving Obligations and the Extended Revolving Line of Credit and the results of negotiation with BMO (or an Other Line of Credit Provider as the case may be); and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace the Existing Revolving Line of Credit with a Letter of Credit to be issued by a Letter of Credit Provider, the LACMTA will (i) enter into a Reimbursement Agreement with the Letter of Credit Provider, (ii) enter into a fee agreement or fee letter with the Letter of Credit Provider and (iii) execute and deliver a reimbursement note relating to such Reimbursement Agreement; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace the Existing Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of BMO, the LACMTA will (i) enter into a Credit Agreement with the Other Line of Credit Provider and (ii) execute and deliver tax-exempt and taxable notes relating to such Credit Agreement; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Subordinate 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.

(a) The foregoing recitals are true and correct and the LACMTA so finds and determines.

(b) The issuance and/or incurrence of the Subordinate Revolving Obligations, from time to time, and the payment of certain costs related thereto, if determined by a Designated Officer (as hereinafter defined) to be in the best interest of the LACMTA, are in the public interest.

Section 2. Issuance and/or Incurrence and Terms of Subordinate Revolving Obligations. For the purposes set forth in the foregoing recitals, the LACMTA is hereby authorized to (a) issue and/or incur, from time to time, the Subordinate Revolving Obligations in the form of the Extended Revolving Line(s) of Credit to be provided by BMO or the replacement Revolving Line(s) of Credit to be provided by such Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements (including the BMO Credit Agreement or the Alternate Credit Agreement (as hereinafter defined)), provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any time shall not exceed $150,000,000, and (b) incur the other Obligations (as defined in the applicable Credit Agreement) under each Credit Agreement and the Subordinate Trust Agreement. The commitment by BMO or such Other Line of Credit Provider to make Advances under the applicable Credit Agreement shall have a term not less than two years from the date of execution of the applicable Credit Agreement unless such date is earlier terminated pursuant to the terms of the applicable Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the LACMTA (and approved by BMO or such Other Line of Credit Provider, as applicable). The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the interest rates set forth in each Credit Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the LACMTA on any Revolving Loan or Term Loan shall not exceed the Maximum Rate (as defined in the applicable Credit Agreement); provided, however, if the rate of interest calculated in accordance with the terms of each Credit Agreement exceeds the Maximum Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the applicable Credit Agreement and the Maximum Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the applicable Credit Agreement ceases to exceed the Maximum Rate, at which time the LACMTA shall pay BMO or such Other Line of Credit Provider, as applicable, the deferred interest as provided in the applicable Credit Agreement.

The Revolving Lines of Credit are being obtained to provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of facilities authorized under the Act and Ordinance No. 49 (including, but not limited to facilities to be used as part of a Public Transportation System), to finance certain costs of issuance and for any other financing needs of the LACMTA authorized under the Act and Ordinance No. 49 (including, but not limited to, the refunding and restructuring of existing indebtedness of the LACMTA).

The LACMTA shall be obligated to repay BMO or such Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and to pay all Obligations owed to

BMO or such Other Line of Credit Provider, as applicable, and such Advances, Revolving Loans, Term Loans and Obligations shall be payable, both with respect to interest and principal as provided for in the Subordinate Trust Agreement, each Credit Agreement and the BMO Revolving Obligation Notes and the Alternate Revolving Obligation Notes (as hereinafter defined, and together with the BMO Revolving Obligation Notes, the "Subordinate Revolving Obligation Notes"). The Advances, the Revolving Loans and the Term Loans may be incurred under each Credit Agreement whereby the interest paid by the LACMTA on such Revolving Loans and Term Loans is excluded from gross income for federal income tax purposes or not excluded or part excluded and part not excluded in such combination as is acceptable to the Designated Officer authorizing the same.

Section 3. Pledge to Secure the Advances, the Revolving Loans, the Term Loans, the Notes and the Obligations – Subordinate Revolving Obligations. The LACMTA hereby approves the pledge to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Obligations as set forth in the Subordinate Trust Agreement, each Credit Agreement and the Subordinate Revolving Obligation Notes.

Section 4. Limited Obligations; Subordinate Obligations – Subordinate Revolving Obligations. The Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement) shall be limited obligations of the LACMTA, secured by, have a lien on and be payable from, Net Pledged Revenues and from the funds and accounts held by the Trustee and the LACMTA under the Subordinate Trust Agreement, as and to the extent therein described. The Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement) shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide, including, but not limited to, proceeds of additional borrowings for such purpose and any applicable state or federal grants received by the LACMTA.

The Subordinate Revolving Obligations shall be issued, from time to time, as Subordinate Obligations as provided for in Section 2.09 of the Subordinate Trust Agreement.

The Obligations (other than Reimbursement Obligations (as defined in the applicable Credit Agreement) and payment of principal of and interest on the Subordinate Revolving Obligation Notes) shall be secured by and have a lien on Net Pledged Revenues junior and subordinate in all respects to the liens on, security interest in and pledges of the Net Pledged Revenues granted to the Subordinate Obligations (including, but not limited to, the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement)).

Section 5. Approval of Revolving Obligations Documents; Authorization for Execution - Subordinate Revolving Obligations. The LACMTA hereby approves the appointment of BMO, or such Other Line of Credit Provider selected and appointed by a Designated Officer, as the provider of the Revolving Line of Credit with respect to the Subordinate Revolving Obligations. The form, terms and provisions of the Revolving Obligations Documents are in all respects approved and any one or more of the Designated Officers, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Revolving Obligations Documents, including counterparts thereof, in the name and on behalf of the LACMTA. The Revolving Obligations Documents, as executed and delivered, shall be generally in the forms now on file with the Clerk 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 forms of the Revolving Obligations Documents now on file with the Clerk of the Board and made available to the Board; and from and after the execution and delivery of the Revolving Obligations Documents, 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 Subordinate Trust Agreement and the Revolving Obligations Documents.

If a Designated Officer determines that it is in the LACMTA's best interests to replace the Existing Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of by the BMO, the Designated Officers are hereby authorized to (a) enter into a Credit Agreement with the Other Line of Credit Provider that is substantially similar to the form of the BMO Credit Agreement (an "Alternate Credit Agreement") now on file with the Clerk of the Board and made available to the Board and approved above, and (b) execute and deliver tax-exempt and taxable notes that are substantially similar to the form of the BMO Revolving Obligation Notes (the "Alternate Revolving Obligation Notes" and together with the Alternate Credit Agreement, the "Alternate Revolving Obligations Documents") now on file with the Clerk of the Board and made available to the Board and approved above. The Alternate Revolving Obligations Documents, as executed and delivered, shall be substantially similar to the forms of the Revolving Obligations Documents now on file with the Clerk 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 forms of the Revolving Obligations Documents now on file with the Clerk of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Revolving Obligations Documents, 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 Alternate Revolving Obligations Documents.

Section 6. Trustee, Paying Agent and Registrar – Subordinate Revolving Obligations. U.S. Bank Trust Company, National Association is hereby appointed as Trustee, Paying Agent and Registrar for the Subordinate Revolving Obligations. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 7. Designated Officers – Subordinate Revolving Obligations. The Board hereby appoints the Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer of the LACMTA (the "CEO"), the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance, any Deputy Executive Officer, Finance, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity and any other persons the CEO may designate to serve, as "Designated Officers" of the LACMTA under the terms of this Resolution, the Subordinate Trust Agreement and each Credit Agreement. The Designated Officers are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents, including, without limitation, the execution of a Request for Advance and Revolving Loan (as described in the applicable Credit Agreement). The Designated Officers are, and each of them is, also authorized to make representations, certifications and warranties in connection with implementing and obtaining the Revolving Lines of Credit and the issuance and/or

incurrence of Advances, Revolving Loans and Term Loans as and when required in the Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents, and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Officers are hereby further 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 Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents.

Section 8. Authorized Authority Representative – Subordinate Revolving Obligations. The Board hereby designates the Designated Officers, as an Authorized Authority Representative for all purposes under the Subordinate Trust Agreement and as an Authorized Officer (as defined in the applicable Credit Agreement) for all purposes under each Credit Agreement and with respect to the Subordinate Revolving Obligations, the Revolving Lines of Credit, the Advances, the Revolving Loans, the Term Loans and the Subordinate Revolving Obligation Notes. Such appointments shall remain in effect until modified by resolution.

Section 9. Additional Authorization – Subordinate Revolving Obligations. Each Designated Officer and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Revolving Obligations Documents or the Alternate Revolving Obligations Documents and to carry out the terms thereof. Each Designated Officer and all officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing the LACMTA staff to pay costs of issuance of implementing and obtaining the Revolving Lines of Credit and fees and costs of BMO or such Other Line of Credit Provider, as applicable, authorizing the investment of the proceeds of the Advances in one or more of the permitted investments provided for under the Subordinate Trust Agreement, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents for the purpose of complying with the rebate requirements of the Code. Each Designated Officer and all officers, agents and employees of the LACMTA are further authorized and directed, for 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 amendments or supplements to the Subordinate Trust Agreement deemed not materially adverse to the Holders, extend the expiration date of any Revolving Line of Credit, and any additional amendments to agreements relating to obligations payable from Net Pledged Revenues, which they, or any of them, may deem necessary or advisable in order to manage and administer the Program. All actions heretofore taken by each Designated Officer and all officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 10. Approval of Alternate CP Documents. If a Designated Officer determines that it is in the LACMTA's best interests to replace the Existing Revolving Line of Credit with a Letter of Credit to be issued by a Letter of Credit Provider, the Designated Officers are hereby authorized to (i) enter into a Reimbursement Agreement with the Letter of Credit Provider (an "Alternate Reimbursement Agreement"), (ii) enter into a fee agreement or a fee letter with the Letter of Credit Provider (an "Alternate Fee Agreement"), and (iii) execute and deliver a reimbursement note (the

"Alternate Reimbursement Note," and collectively with the Alternate Reimbursement Agreement and the Alternate Fee Agreement, the "Alternate CP Documents"). The Alternate CP Documents, as executed and delivered, shall be in such form 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 provisions therein consistent with this Resolution; and from and after the execution and delivery of the Alternate CP Documents, 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 Alternate CP Documents.

The LACMTA hereby determines that entering into one or more Reimbursement Agreements with any such Letter of Credit Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the CP Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into an Alternate Reimbursement Agreement with such Letter of Credit Provider unless (a) such Alternate Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the CP Notes, (b) the term of such Alternate Reimbursement Agreement does not exceed the Program Termination Date; and (c) the amounts payable by the LACMTA with respect to such Alternate Reimbursement Agreement shall be payable solely and exclusively from Net Pledged Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that any Alternate Reimbursement Agreement entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the CP Notes.

Section 11. Additional Authorization – CP Program. The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Alternate CP Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Alternate CP Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Alternate CP Documents and the issuance of a Letter of Credit by a Letter of Credit Provider, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the CP Notes. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 12. 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 declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 13. Effective Date. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Clerk 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 April 24, 2025.

By _____
Board Clerk, Los Angeles County Metropolitan Transportation Authority

Dated: _____ __, 2025

ATTACHMENT C

Bank Recommendation Summary

Proposer	Maximum Principal Commitment	Estimated First Year Cost*	Total Estimated Costs*
Commercial Paper Support – Prop A			
Bank of America, N.A.	$150,000,000	$2,811,100	$11,214,400
JP Morgan Chase Bank, N.A.	$150,000,000	$3,553,400	$14,063,600
PNC Bank, N.A.	$150,000,000	$2,715,900	$10,728,600
Sumitomo Mitsui Banking Corporation	**$150,000,000**	**$2,688,400**	**$10,588,600**
TD Bank, N.A.	$150,000,000	$2,704,000	$10,667,600
Revolving Line of Credit Support – Prop C			
JP Morgan Chase Bank, N.A.	$150,000,000	$3,275,900	$9,727,700
PNC Bank, N.A.	$150,000,000	$2,481,380	$7,344,140
BMO Bank, N.A.	**$150,000,000**	**$2,465,900**	**$7,297,700**
Wells Fargo Bank, N.A.	$150,000,000	$2,617,400	$7,752,200

Targeted firms are shown in bold.

Alternative Products – Revolving Line of Credit

TD Bank provided a proposal for a product that was less desirable to Metro and is therefore not included in the summary above.

*All Costs are based on a standardized assumption of a $60,000,000 facility size with provided pricing for a three-year tenor (Revolving Line of Credit) and a four-year tenor (Commercial Paper).

File # 2025-0109

Proposition A and C Short-Term Borrowing Programs

Finance, Budget and Audit Committee
April 17, 2025

Metro

Proposition A and C Short-Term Borrowing Programs

Recommendations:

ADOPT:

A. A resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct-pay letter of credit ("LOC") with respect to the Proposition A ("Prop A") short-term borrowing program, Attachment A; and

B. A resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct purchase revolving credit facility with respect to the Proposition C ("Prop C") short-term borrowing program, Attachment B.

Background:

- The Prop A and Prop C Short-Term Borrowing programs are secured by sales tax revenues from the respective ordinances
- Current Prop A LOC with Bank of America expires in June 2025
- Current Prop C RCF with Bank of Montreal expires in May 2025

Metro

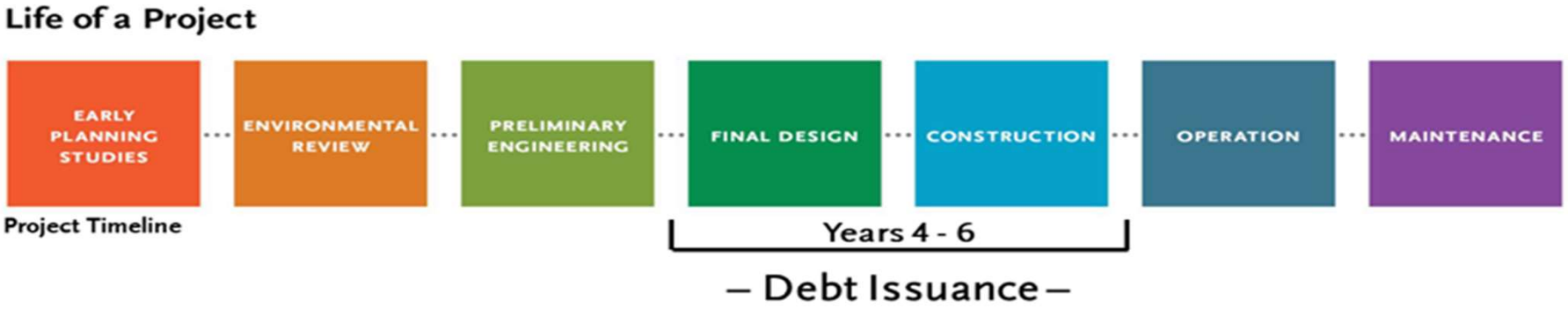
Proposition A and C Short-Term Borrowing Programs

Purpose:

A. Provide liquidity at lowest cost of borrowed capital, maintain prudent level of risk, and preserve financial flexibility in Metro's capital structure

B. Provide interim financing for Board-approved capital projects and programs

- Offer financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged
- Short-term borrowing facilities are utilized for quick access to funds at the beginning of the capital project cycle



Metro

Proposition A and C Short-Term Borrowing Programs

Action:

A. Replace the existing $150MM Prop A direct-pay letter of credit (LOC) for a 4-year term
B. Renew the existing $150MM Prop C direct purchase revolving credit facility (RCF) for a 3-year term

Next Steps:

- Negotiate final terms and conditions with the recommended banks
- Prepare agreements and documentation for the replacement LOC and RCF, including, among others, notices, reimbursement agreements, fee agreements, reimbursement notes, credit agreements, revolving obligation notes, supplemental trust agreements and offering memoranda
- Obtain credit ratings for the CP notes based on the credit ratings of the selected banks
- Execute documents prior to the expiration date of the current agreements

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Discussion

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