



File #: 2025-0985, File Type: Program

Agenda Number: 21.

FINANCE, BUDGET AND AUDIT COMMITTEE JANUARY 15, 2026

SUBJECT: MEASURE M PROGRAM

ACTION: AUTHORIZE MEASURE M SHORT-TERM BORROWING PROGRAM

RECOMMENDATION

ADOPT a resolution that authorizes the Chief Executive Officer to:

- A. ESTABLISH the Measure M Short-Term Borrowing Program (Attachment A); and
- B. EXECUTE and deliver all necessary documents related to the Measure M Short-Term Borrowing Program to enter into revolving credit agreements (Attachment B).

(REQUIRES SEPARATE, SIMPLE MAJORITY VOTE OF THE BOARD)

ISSUE

Metro is focused on ensuring delivery of the transit capital and highway projects set forth in the Measure M Expenditure Plan. Large capital project costs and timing are subject to change and difficult to predict. The establishment of the Measure M short-term borrowing program will provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources, including proceeds from Measure M bonds or TIFIA loans, are received.

BACKGROUND

Metro's Long Range Transportation Plan assumes the use of short-term borrowing and long-term bonds to deliver Measure M capital projects. The proposed \$500 million short-term borrowing program, which will include a combination of Commercial Paper ("CP") and revolving credit facilities, will provide flexible, low-cost financing to bridge gaps between future revenues and near-term expenses. Similar short-term borrowing programs have been utilized successfully for Prop A, Prop C and Measure R, and offer flexible, low-cost financing alternatives that support prudent and effective debt management. Without this program, Measure M projects could face potential delays until sufficient funds or bond proceeds are available. Historically, delays lead to higher labor costs and material price increases, resulting in unfavorable budget impacts.

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”). CP requires a Letter of Credit (“LOC”), which provides guaranteed liquidity to investors when their notes mature. 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 Measure M sales tax revenues less 16% for net local return programs and 1% of gross administrative fees. Metro can issue either tax-exempt or taxable CP under the Measure M CP program.

A revolving credit facility is an alternative to CP that has similar benefits. A revolving credit facility is a direct loan from a bank, at a rate that will float based on an index plus a spread, which is generally reset every month. In addition, a fee is charged for the unutilized amount of the facility. As a floating-rate borrowing that may be drawn over time, it is similar to a CP program for practical purposes, but because the borrowing occurs directly from a bank no ratings or broker-dealer fees are required.

DISCUSSION

The Resolution (Attachment A) authorizes access to a combination of vehicles, providing flexibility to structure the program according to the availability of credit and cost, while meeting the covenants in the trust agreement.

In addition, Metro’s Municipal Advisor, Montague DeRose & Associates (“MDA”), submitted a request for proposals (“RFP”) to 13 financial institutions to provide revolving line of credits, direct pay letter of credits to support commercial paper, and alternative products for a term out period between 3 to 5 years. The RFP 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 that investors may impose on a particular bank, the status of a bank’s credit approval, and the bank’s willingness to execute the form of agreement. Overall program objectives include low cost and maximizing access to borrowing capacity achieved through diversification of products and providers. The selection group was comprised of Metro’s Treasury staff and MDA. The selection group ranked each proposer and recommended revolving credit facilities from Wells Fargo Bank, N.A. (3-year term) and PNC Bank, N.A. (3-year term) (See Attachment C). Costs will vary depending on the amount of tax-exempt and taxable debt Metro issues under the Measure M program. Additional fees and interest may be incurred under certain extreme circumstances.

Furthermore, in accordance with Section 8(i)(C) of the Measure M Ordinance, the Measure M Independent Taxpayers Oversight Committee of MTA (“Measure M Oversight Committee”) is required to find that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs. The Measure M Oversight Committee made the finding of benefit at its December 3, 2025, meeting, Attachment D.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding for the Measure M programs are included in the FY2026 budget in Cost Center #0521, Treasury Non-Departmental, under project #670301, task 01. 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 Measure M are eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

Approval of this item is intended to reduce financial risk and provide funding for Metro capital projects financed by Measure M. The capital projects include highway improvements and expansion, bus operations and maintenance, transit and rail improvements and upgrades, airport connections, and bike and pedestrian connections. The financing will also help keep senior, student and disabled transit fares more affordable and reduce congestion. The resolution finds that the benefits from acceleration of projects exceed the issuance and interest costs of the proposed debt financing.

VEHICLE MILES TRAVELED OUTCOME

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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in 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 will provide funds needed to finance the acquisition and construction of the rail, bus and highway transit system and facilities within the County of Los Angeles. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item 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 Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Metro Vision 2028 Strategic Plan Goal 5 as follows:
Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board could elect not to authorize a short-term borrowing program. This action is not recommended because a flexible tool to manage cash flow will facilitate delivery of the Measure M program.

NEXT STEPS

Staff will negotiate final terms and conditions with the bank letter of credit and revolving credit facilities providers, as well as, prepare and execute the Short-Term Program Documents (see Resolutions, Attachment A and B).

ATTACHMENTS

Attachment A - Measure M Short-Term Borrowing Program Resolution

Attachment B - Authorizing Resolution

Attachment C - Bank Recommendation Summary

Attachment D - Measure M Oversight Committee Finding of Benefit Resolution

Prepared by: Rodney Johnson, Treasurer, (213) 922-3417

Matthew Wingert, Senior Budget Manager, (213) 922-2553

Robert Suh, Budget Manager, (213) 922-4102

Reviewed by: Anelli-Michelle Navarro, Interim Chief Financial Officer, (213) 922-3056



Stephanie Wiggins
Chief Executive Officer

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE MEASURE M SHORT-TERM BORROWING PROGRAM; THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; THE PLEDGE OF MEASURE M SALES TAX REVENUES OF THE AUTHORITY AND OTHER SECURITY FOR MEASURE M SECOND LIEN OBLIGATIONS AND THIRD LIEN OBLIGATIONS; AND RELATED MATTERS

(MEASURE M SALES TAX)

W I T N E S S E T H :

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is authorized under Section 130500 et seq. of the California Public Utilities Code (the “Act”) to issue “bonds,” which term includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations for purposes authorized by the Act, and to finance the cost of acquiring, constructing and developing facilities for transit systems within the meaning of the Act; and

WHEREAS, the LACMTA is authorized by Section 130350.7 of the California Public Utilities Code to impose a retail transactions and use tax 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 June 23, 2016, adopted Ordinance No. 16-01, known as the “Los Angeles County Traffic Improvement Plan” (the “Ordinance”), imposing a County-wide transactions and use tax, and the Ordinance was submitted to the electors of the County in the form of Measure M and approved by greater than a two-thirds vote at an election held on November 8, 2016; and

WHEREAS, the Ordinance, as so approved, beginning July 1, 2017, imposed a tax upon the sale of tangible personal property at retail at a rate of one-half of one percent of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County, initially at a rate of one-half of one percent of the sale price of the property whose storage, use or other consumption is subject to the tax, with such rate increasing to one percent on July 1, 2039, immediately upon the expiration of the one-half of one percent tax known as the Measure R sales tax imposed by Ordinance 08-01 of the LACMTA (the “Measure M Sales Tax”); amounts received in respect to the Measure M Sales Tax, less any refunds and the administrative fee deducted by the State of California Board of Equalization and less the Local Return (as defined in the Senior Trust Agreement (as defined below)) being referred to herein as the “Measure M Sales Tax Revenues”); and

WHEREAS, the LACMTA has commenced and is proceeding with the financing of projects and programs described in the Expenditure Plan adopted as part of the Ordinance (the “Expenditure Plan”); and

WHEREAS, the LACMTA desires to establish a short-term borrowing program (the “Measure M Short-Term Borrowing Program”) to finance projects and programs set forth in the

Expenditure Plan that would be secured by the Measure M Sales Tax Revenues and be in an aggregate principal amount not to exceed \$500,000,000; and

WHEREAS, the LACMTA desires that the Measure M Short-Term Borrowing Program consists of one or more of the following, including modifications, extensions and replacements thereof (each, a “Short-Term Obligation”):

- (a) A commercial paper program (a “Commercial Paper Program”), pursuant to which the LACMTA would issue commercial paper notes (“CP Notes”), together with CP Enhancement Agreements (defined below) and advances thereunder; and
- (b) One or more series of variable rate drawdown bonds (“Drawdown Bonds”), pursuant to which the LACMTA would issue bonds and draw down principal on those bonds and repay that principal from time to time; and
- (c) One or more revolving credit facilities (“Revolving Credit Facilities”) pursuant to which the LACMTA may borrow amounts from time to time from one or more financial institutions; and

WHEREAS, the Short-Term Obligations may constitute either one of or a combination of Second Lien Obligations (as such term is defined in the Senior Trust Agreement (as defined below)) or Third Lien Obligations (as such term is defined in the Senior Trust Agreement); and

WHEREAS, in connection with one or more of the Short-Term Obligations, the LACMTA expects to execute and deliver one or more of the following (collectively, the “Measure M Short-Term Program Documents”):

- (a) A trust agreement (the “Senior Trust Agreement”), by and between the LACMTA and U.S. Bank Trust Company, National Association, as trustee; and
- (b) One or more supplements and/or amendments to the Senior Trust Agreement; and
- (c) A trust agreement (the “Subordinate Trust Agreement”), by and between the LACMTA and U.S. Bank Trust Company, National Association, as trustee; and
- (d) One or more supplements and/or amendments to the Subordinate Trust Agreement to provide for the issuance or incurrence of Second Lien Obligations to the extent that the Short-Term Obligations constitute Second Lien Obligations; and
- (e) One or more trust agreements, together with one or more supplements thereto, to provide for the issuance of Third Lien Obligations to the extent that the Short-Term Obligations constitute Third Lien Obligations; and
- (f) In connection with any Revolving Credit Facility and/or Drawdown Bonds, one or more revolving credit agreements, bondholder agreements, continuing covenant agreements and/or similar agreements or evidences of indebtedness, bond purchase agreements, and fee agreements between the LACMTA and one or more commercial banks, financial institutions and/or investment banks (each, a

- “Financial Institution”); and
- (g) In connection with any Commercial Paper Program, one or more reimbursement agreements, credit agreements and/or other similar agreements, together with any related fee agreements (each, a “CP Enhancement Agreement”) pursuant to which one or more Financial Institutions (each, a “CP Enhancement Provider”) would agree to issue a letter of credit or other credit enhancement instrument and/or make loans for the purpose of supporting the payment of principal of and/or interest on the CP Notes (each such support, “CP Enhancement”); and
- (h) Any other documents deemed by a Designated Officer to be necessary or desirable to establish, modify, extend or replace any Short-Term Obligations that constitute part of the Measure M Short-Term Borrowing Program;

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

1. Findings. The LACMTA hereby finds and determines that:

(a) The Measure M Short-Term Borrowing Program, including the issuance of any and all Short-Term Obligations, if determined by any of the Chair of the LACMTA, any Vice Chair of the LACMTA, 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 such other titles as the LACMTA may from time to time assign for such respective positions), or any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), to be in the best interest of the LACMTA, is in the public interest.

(b) Under the provisions of the Ordinance, all of the Measure M Sales Tax Revenues are revenues of the LACMTA available for public transit purposes as set forth in the Ordinance and to that extent are available to be and are, by the terms of the Senior Trust Agreement and the Subordinate Trust Agreement and will be, by the terms of the applicable Measure M Short-Term Program Documents, pledged to secure the Second Lien Obligations and the Third Lien Obligations, respectively, and, by this Resolution, such pledge is reaffirmed and affirmed (as applicable).

(c) The forgoing recitals are true and correct and the LACMTA so finds and determines.

2. Approval of the Measure M Short-Term Borrowing Program. For purposes of providing for the financing of the transit projects and programs authorized by the Act and the Expenditure Plan, the LACMTA hereby authorizes the establishment and continuation of the Measure M Short-Term Borrowing Program and the issuance or incurrence of each and every Short-Term Obligation thereunder. Each Designated Officer is hereby authorized to determine, on behalf of and in the name of the LACMTA, each of the following:

- (a) Whether the Short-Term Obligations will consist of a Commercial Paper Program, one or more series of Drawdown Bonds, one or more Revolving Credit Facilities, or a combination of some or all of these; and
- (b) The interest rates, maturity dates and any and all terms and conditions of each and every Short-Term Obligation; and
- (c) When each Short-Term Obligation shall be established; and
- (d) The term of each component of the Measure M Short-Term Borrowing Program; and
- (e) The selection of any CP Enhancement Provider, Financial Institution, and any dealer, underwriter, trustee, issuing and paying agent or other party a Designated Officer deems necessary or desirable to effect the Measure M Short-Term Borrowing Program; and
- (f) Whether and the extent to which the Short-Term Obligations constitute Second Lien Obligations or Third Lien Obligations or a combination of both; and
- (g) Whether the Short-Term Obligations shall be issued on a taxable or tax-exempt basis or a combination of both; and
- (h) What modifications, extensions or replacements (if any) shall be made with respect to each of the Short-Term Obligations from time to time;

provided, however, that (a) a Designated Officer determines that (i) the interest rate terms for each Short-Term Obligation are fair and reasonable in market conditions at the time of the initial establishment of such obligation and that the interest rate terms for any modified, extended or replacement Short-Term Obligation are fair and reasonable in market conditions at the time of such modification, extension or replacement and (ii) the aggregate principal amount of the Measure M Short-Term Borrowing Program shall not exceed \$500,000,000 at any time.

3. Measure M Short-Term Program Documents. The Designated Officers are, and each of them hereby is, authorized and directed to have prepared and to execute, acknowledge and deliver in the name of and on behalf of the LACMTA each of the Measure M Short-Term Program Documents, in each case, to the extent, in the form, and with the terms and provisions as the Designated Officer executing the same shall determine is appropriate and necessary for the Measure M Short-Term Borrowing Program, including, but not limited to, affirmative and negative covenants relating to the Measure M Short-Term Borrowing Program, the Measure M Sales Tax, and the finances and operations of the LACMTA.

4. Offering Documents. Should a Designated Officer determine to establish a Short-Term Obligation for which the preparation and circulation of an offering memorandum or other offering document is deemed appropriate by such Designated Officer, the LACMTA hereby authorizes the preparation and circulation of one or more offering memoranda and/or other offering documents relating to such Short-Term Obligation, as determined by a Designated Officer. The LACMTA also authorizes the circulation of any supplements or amendments to offering documents that are approved by a Designated Officer. Each offering document,

supplement and/or amendment shall be circulated at such time or times as a Designated Officer (after consultation with the relevant Dealer(s), the LACMTA's municipal advisor and bond counsel and/or such other advisors as such Designated Officer believes to be useful) determines. Each Designated Officer is authorized to execute and deliver any offering document, supplement and/or amendment.

5. Other Documents. The Designated Officers are, and each of them is, hereby authorized, empowered and directed to execute, acknowledge and deliver in the name and on behalf of the LACMTA such documents as are necessary or desirable to effectuate the Measure M Short-Term Borrowing Program or to extend, modify or replace any Short-Term Obligation (the "Related Documents"), including, but not limited to, any promissory notes, any tax certificate(s), note purchase agreements, issuance and paying agent agreements, dealer agreements and/or continuing disclosure certificates. The Related Documents, as executed and delivered, shall be in the form approved by the Designated Officer executing the same (which may include, but not be limited to, affirmative and negative covenants); the execution thereof shall constitute conclusive evidence of the Board's approval of such Related Documents; and from and after the execution and delivery of each Related Document, 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 Related Document.

6. Pledge of Measure M Sales Tax Revenues. The Measure M Sales Tax Revenues are hereby irrevocably pledged in accordance with the terms of the Senior Trust Agreement, the Subordinate Trust Agreement and the other Measure M Short-Term Program Documents, as applicable, to secure the Short-Term Obligations.

7. Additional Authorization. The Designated Officers and all other officers, employees and agents of the LACMTA, for and on behalf of the LACMTA, be and they each hereby are authorized and directed to do any and all things necessary to effect (i) the establishment of the Measure M Short-Term Borrowing Program and the issuance and/or incurrence each of the Short-Term Obligations, (ii) the execution and delivery of the Measure M Short-Term Program Documents and the Related Documents and the carrying out of the terms thereof, (iii) any extensions, modifications or replacements of Short-Term Obligations as determined by a Designated Officer to be in the interest of the LACMTA, and (iv) the transactions contemplated by this Resolution. 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 that may be required in order to carry out the authority conferred by this Resolution, the Measure M Short-Term Program Documents and/or the Related Documents or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing LACMTA staff to pay costs of issuance in connection with the Short-Term Obligations and the Measure M Short-Term Program Documents, as applicable, and authorizing the investment of the proceeds of the Short-Term Obligations in one or more of the permitted investments provided for under the Measure M Short-Term Program Documents. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

8. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by any Designated Officer 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.

9. Further Actions. The Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify any documents related to the Measure M Short-Term Borrowing Program 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.

10. 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.

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

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 _____, 2026.

[SEAL]

By _____
Board Clerk, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2026

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING (A) THE EXECUTION AND DELIVERY OF A SENIOR TRUST AGREEMENT AND A SUBORDINATE TRUST AGREEMENT, AND SUPPLEMENTS THERETO, PROVIDING FOR THE ISSUANCE OF MEASURE M SALES TAX OBLIGATIONS, (B) THE EXECUTION AND DELIVERY OF REVOLVING CREDIT AGREEMENTS PURSUANT TO ITS MEASURE M SHORT-TERM BORROWING PROGRAM, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$500,000,000, AND (C) THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

(MEASURE M 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 Section 130350.7 of the California Public Utilities Code to impose a retail transactions and use tax 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 November 8, 2016, adopted Ordinance No. 16-01, known as the Los Angeles County Traffic Improvement Plan (the “Ordinance”) imposing a County-wide transactions and use tax and the Ordinance was submitted to the electors of the County in the form of Measure M and approved by more than a two-thirds vote at an election held on November 8, 2016; and

WHEREAS, the Ordinance, as so approved, beginning July 1, 2017, imposed a tax upon the sale of tangible personal property at retail at a rate of one-half of one percent of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County, initially at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax, with such rate increasing to one percent on July 1, 2039, immediately upon the expiration of the one-half of one percent tax known as the Measure R sales tax imposed by Ordinance No. 08-01 of the LACMTA (the “Measure M Sales Tax”; amounts received in respect to the Measure M Sales Tax, less any refunds and the administrative fee deducted by the State of California Department of Tax and Fee Administration and less the Local Return (as defined in the Senior Trust Agreement (as defined below)) being referred to herein as the “Measure M Sales Tax Revenues”); 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 Measure M Sales Tax Revenues, and to finance the cost of acquiring, constructing and developing facilities for transit systems within the meaning of the Act; and

WHEREAS, the LACMTA has commenced and is proceeding with the financing of projects and programs described in the Expenditure Plan adopted as part of the Ordinance (the "Expenditure Plan"); and

WHEREAS, under its Resolution entitled "RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE MEASURE M SHORT-TERM BORROWING PROGRAM; THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; THE PLEDGE OF MEASURE M SALES TAX REVENUES OF THE AUTHORITY AND OTHER SECURITY FOR SUCH SECOND LIEN OBLIGATIONS AND THIRD LIEN OBLIGATIONS; AND RELATED MATTERS" (the "Program Resolution"), the LACMTA intends to establish a short-term borrowing program (the "Measure M Short-Term Borrowing Program") to finance projects and programs set forth in the Expenditure Plan that would be secured by the Measure M Sales Tax Revenues and be in an aggregate principal amount not to exceed \$500,000,000; and

WHEREAS, the Program Resolution contemplates a Commercial Paper Program, Drawdown Bonds and Revolving Credit Facilities (each as defined in the Program Resolution); and

WHEREAS, pursuant to the Program Resolution and the Act, the LACMTA desires to authorize the execution and delivery of (i) a trust agreement (the "Senior Trust Agreement"), by and between the LACMTA and U.S. Bank Trust Company, National Association, as trustee (the "Senior Trustee"), (ii) a trust agreement (the "Master Subordinate Trust Agreement"), by and between the LACMTA and U.S. Bank Trust Company, National Association, as trustee (the "Subordinate Trustee"), (iii) one or more supplemental subordinate trust agreements (collectively, the "First Supplemental Subordinate Trust Agreement" and together with the Master Subordinate Trust Agreement, the "Subordinate Trust Agreement"), by and between the LACMTA and the Subordinate Trustee, (v) a revolving credit agreement (the "Wells Revolving Credit Agreement"), by and between the LACMTA and Wells Fargo Bank, National Association ("Wells"), and (vi) a revolving credit agreement (the "PNC Revolving Credit Agreement" and together with the Wells Revolving Credit Agreement, the "Revolving Credit Agreements"), by and between the LACMTA and PNC Bank, N.A. ("PNC"); 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

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Revolving Credit Agreements to be entered into pursuant to the Program Resolution will reduce the amount and duration of interest rate risk with respect to its short-term borrowing under the Program Resolution and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing or enhance the relationship between risk and return with respect to investments; and

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

- (a) the Senior Trust Agreement;
- (b) the Master Subordinate Trust Agreement;
- (c) the First Supplemental Subordinate Trust Agreement;
- (d) the Wells Revolving Credit Agreement; and
- (e) the PNC Revolving 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 will be modified and amended to reflect the various details applicable to the Revolving Credit Agreements and said documents are subject to completion; and

WHEREAS, the Board of the LACMTA desires to authorize borrowings under the Revolving Credit Agreements from time to time and as obligations the interest on which is tax-exempt or taxable (or a combination of both) for federal income tax purposes; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of the Senior Trust Agreement, the Subordinate Trust Agreement and the Revolving Credit Agreements for the purposes, in the manner and upon the terms provided; and

WHEREAS, the LACMTA now desires to approve such documents and the financing program therein implemented and to authorize the officers and staff of the LACMTA to take such further actions, including the execution and delivery of such additional documents, agreements and certificates as shall be necessary and appropriate to give full effect to this Resolution; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Senior Trust Agreement, the Subordinate Trust Agreement, and the Revolving Credit Agreements (in the forms made available to the Board herewith);

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

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

Section 2. Approval of Senior Trust Agreement. The form, terms and provisions of the Senior Trust Agreement on file with the Board Clerk and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Chair of the LACMTA, any Vice Chair of the LACMTA, 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 such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Senior Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Senior Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Board Clerk 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 Senior Trust Agreement now on file with the Board Clerk and made available to the Board. From and after the execution and delivery of the Senior Trust Agreement, the officers, employees and agents 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 Senior Trust Agreement.

Section 3. Approval of Master Subordinate Trust Agreement. The form, terms and provisions of the Master Subordinate Trust Agreement on file with the Board Clerk and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each Designated Officer is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Master Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Master Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Board Clerk 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 Master Subordinate Trust Agreement now on file with the Board Clerk and made available to the Board. From and after the execution and delivery of the Master Subordinate Trust Agreement, the officers, employees and agents 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 Master Subordinate Trust Agreement.

Section 4. Approval of First Supplemental Subordinate Trust Agreement. The form, terms and provisions of the First Supplemental Subordinate Trust Agreement on file with the Board Clerk and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each Designated Officer is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the

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

Section 5. Approval of Wells Revolving Credit Agreement. The form, terms and provisions of the Wells Revolving Credit Agreement on file with the Board Clerk and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Wells Revolving Credit Agreement, including counterparts thereof, as determined by a Designated Officer. The Wells Revolving Credit Agreement, as executed and delivered, shall be in substantially the form now on file with the Board Clerk 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 Wells Revolving Credit Agreement now on file with the Board Clerk and made available to the Board. From and after the execution and delivery of the Wells Revolving Credit Agreement, the officers, employees and agents 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 Wells Revolving Credit Agreement.

Section 6. Approval of PNC Revolving Credit Agreement. The form, terms and provisions of the PNC Revolving Credit Agreement on file with the Board Clerk and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the PNC Revolving Credit Agreement, including counterparts thereof, as determined by a Designated Officer. The PNC Revolving Credit Agreement, as executed and delivered, shall be in substantially the form now on file with the Board Clerk 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 PNC Revolving Credit Agreement now on file with the Board Clerk and made available to the Board. From and after the execution and delivery of the PNC Revolving Credit Agreement, the officers, employees and agents 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 PNC Revolving Credit Agreement.

Section 7. Findings Related to Revolving Credit Agreements. The LACMTA hereby determines that entering into one or more Revolving Credit Agreements with Wells, PNC and/or any other lender (an “Alternate Lender”) pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA’s cost of borrowing. In addition to the provisions set forth in Sections 5 and 6, no Designated Officer shall enter into a Revolving Credit Agreement with Wells, PNC and/or an Alternate Lender unless (a) such Revolving Credit 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; and (b) the amounts payable by the LACMTA with respect to such Revolving Credit Agreement shall be payable solely and exclusively from Measure M Sales Tax Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Revolving Credit Agreements entered into in accordance with this Resolution and consistent with the requirements set forth herein are designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing.

Section 8. Approval of Alternate Revolving Credit Agreements. If a Designated Officer determines that it is in the LACMTA’s best interests to replace the Revolving Credit Agreement with Wells or with PNC with one or more revolving credit agreements with one or more Alternate Lenders, the Designated Officers are hereby authorized to enter into one or more revolving credit agreements with one or more other Alternate Lenders (each, an “Alternate Revolving Credit Agreement”). The Alternate Revolving Credit Agreements, as executed and delivered, may be substantially similar to the form of the Wells Revolving Credit Agreement or the PNC Revolving Credit Agreement now on file with the Board Clerk 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 such documents now on file with the Board Clerk and made available to the Board. From and after the execution and delivery of the Alternate Revolving Credit Agreements, the officers, employees and agents 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 Credit Agreements.

Section 9. Additional Authorizations. All actions heretofore taken by the officers, employees and agents of the LACMTA with respect to the execution and delivery of the Senior Trust Agreement, the Subordinate Trust Agreement and the Revolving Credit Agreements are hereby ratified, confirmed and approved. The officers, employees and agents of the LACMTA are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the LACMTA, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any tax certificates or agreements, any amendments to existing agreements relating to obligations payable from the Measure M Sales Tax or related agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the transactions contemplated by the Revolving Credit Agreements and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, the Program Resolution, this Resolution 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, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of borrowings under the Revolving Credit Agreements, or in connection with the addition, substitution or replacement of the Senior Trustee or the Subordinate Trustee, or any agreements with the Senior Trustee or the Subordinate Trustee or any similar action may be given or taken by any Designated Officer without further authorization or direction by the LACMTA, and each Designated Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Designated Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 10. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the LACMTA, any Vice Chair of the LACMTA, 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 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 11. Further Actions. The Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Senior Trust Agreement, the Subordinate Trust Agreement, the Revolving Credit Agreements and any Alternate Revolving Credit Agreements 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.

Section 12. Costs of Issuance. The LACMTA authorizes funds of the LACMTA, together with the proceeds of borrowings under the Revolving Credit Agreements, to be used to pay costs of execution and delivery of the Revolving Credit Agreements, including, but not limited to, costs of attorneys, accountants, municipal advisors, trustees, the costs associated with rating agencies, printing, publication and mailing expenses and any related filing fees.

Section 13. Effective Date. The effective date of this Resolution shall be the date of its adoption.

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 _____, 2026.

[SEAL]

By _____
Board Clerk, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2026

Bank Recommendation Summary

Proposer	Maximum Principal Commitment	Estimated First Year Cost*	Total Estimated Costs*
Commercial Paper Support – Measure M			
TD Bank, N.A.	\$200,000,000	\$3,891,000	\$11,573,000
Bank of America, N.A.	\$200,000,000	\$3,955,000	\$11,765,000
PNC Bank, N.A.	\$200,000,000	\$3,997,500	\$11,892,500
BMO Bank, N.A.	\$200,000,000	\$4,085,000	\$12,155,000
Sumitomo Mitsui Banking Corporation	\$200,000,000	\$4,245,000	\$12,625,000
Barclays Bank PLC	\$200,000,000	\$4,296,000	\$12,738,000
JP Morgan Chase Bank, N.A.	\$200,000,000	\$4,820,000	\$14,360,000
Revolving Line of Credit Support – Measure M			
Wells Fargo Bank, N.A.	\$200,000,000	\$3,725,000	\$11,075,000
PNC Bank, N.A.	\$200,000,000	\$3,810,000	\$11,330,000
Bank of America, N.A.	\$200,000,000	\$4,000,000	\$11,900,000
JP Morgan Chase Bank, N.A.	\$200,000,000	\$4,790,000	\$14,270,000

Targeted firms are shown in bold.

Alternative Products – Revolving Line of Credit

Morgan Stanley 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 \$200,000,000 facility size with provided pricing for a three-year tenor Revolving Line of Credit and Commercial Paper.

Measure M Oversight Committee Finding of Benefit Resolution

ATTACHMENT A

RESOLUTION PURSUANT TO MEASURE M ORDINANCE FINDING THAT THE
BENEFITS OF ESTABLISHING MEASURE M SHORT-TERM BORROWING
PROGRAM EXCEED ISSUANCE AND INTEREST COSTS

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

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

WHEREAS, the proposed \$500,000,000 short-term borrowing program would provide financing to meet the cash flow necessary to pay for an accelerated construction program for Measure M transit capital projects; and

NOW, THEREFORE, the Measure M Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of establishing a \$500,000,000 short-term borrowing program, which would accelerate project delivery and avoid inflationary cost escalation, exceed issuance and interest costs.

Adopted this 3rd day of December, 2025.

Signed:



Board Clerk
Los Angeles County Metropolitan
Transportation Authority



File # 2025-0985

Measure M

Short-Term Borrowing Program

Finance, Budget and Audit Committee
January 15, 2026



Metro®

RECOMMENDATIONS

ADOPT:

- A. A resolution that authorizes the CEO or designees to establish the Measure M Short-Term Borrowing Program (Attachment A); and
- B. A resolution that authorizes the CEO or designees to execute and deliver all necessary documents related to the Measure M Short-Term Borrowing Program to enter into revolving credit agreements (Attachment B)

BACKGROUND & PURPOSE

Background

Metro is focused on ensuring delivery of the transit capital and highway projects set forth in the Measure M Expenditure Plan

The Long Range Transportation Plan assumes the use of short-term borrowing and long-term bonds to deliver Measure M capital projects

Purpose

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

Provide interim financing for Board-approved capital projects and programs

- Financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged
 - Short-term borrowing facilities utilized for quick access to funds when construction is imminent
-



Metro[®]

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

- The Measure M Independent Taxpayer Oversight Committee (“Committee”) was created to ensure accountability for Measure M sales tax expenditures
- Measure M Ordinance states: the Committee “shall review all proposed debt financing and make a finding as to whether the benefits of the proposed financing for accelerating project delivery, avoid future cost escalation, and related factors exceed issuance and interest costs”
- The Committee made the finding of benefit of establishing the Measure M Short-Term Borrowing Program at its December 3, 2025 meeting (Attachment D)

NEXT STEPS

- Authorize Measure M short-term borrowing program
- Negotiate final terms and conditions with the recommended letter of credit (“LOC”) and revolving credit facility (“RCF”) providers
- Prepare agreements and documentation for LOCs and RCFs, 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 Commercial Paper (“CP”) notes based on the credit ratings of the selected providers
- Issue CP or drawdown on RCFs