

Metro

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



Agenda - Final

Wednesday, January 16, 2019

12:00 PM

**One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room**

Finance, Budget and Audit Committee

*Kathryn Barger, Chair
Paul Krekorian, Vice Chair
John Fasana
Ara Najarian
Mark Ridley-Thomas
John Bulinski, non-voting member*

Phillip A. Washington, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES
(ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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Español

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한국어

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中文

русский

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NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Item(s): 11.

Consent calendar items are approved by one motion unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

11. SUBJECT: LICENSE AGREEMENT WITH SOUTHERN CALIFORNIA EDISON FOR THE BLUE LINE STORAGE YARD [2018-0724](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to execute a five (5)-year license agreement commencing November 1, 2018 with Southern California Edison ("Licensor") for the Blue Line Storage Yard located next to Division 11 in Long Beach at a rate of \$117,848.33 annually with escalations of three percent (3%) annually for a total license value of \$625,673 over the term.

Attachments: [Attachment A – Division 11 Storage Yard Location Presentation](#)

NON-CONSENT

12. SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE [2018-0763](#)

RECOMMENDATION

RECEIVE AND FILE status report on Access Services - ADA Paratransit.

13. SUBJECT: LOW INCOME FARE SUBSIDY PROGRAM (LIFE) [2018-0706](#)

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the extension and execution of Memorandums of Understanding (MOU) by the Chief Executive Officer for Low Income Fare is Easy (LIFE) and Immediate Needs Transportation Programs (INTP) including transportation and administration for a period of six months beginning July 1, 2019 through December 31, 2019;
- B. AMENDING the Fiscal Year (FY) 2019 Budget by \$400,000 to increase the LIFE program from \$14.1M to \$14.5M due to Federal Transit Administration Section 5316 Job Access and Reverse Commute (Section

("BANA") of \$75 million for the Proposition C commercial paper program with a revolving credit facility provided by Wells Fargo Bank, N.A. ("Wells Fargo") for an estimated amount of \$150 million (Metro currently has \$75 million outstanding with Wells Fargo) for a 3 year term at an estimated cost of \$9.9 million including interest, legal fees and other related expenses

- B. If unable to reach agreement with one of the recommended banks described above, AUTHORIZE the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having 3 year terms and the estimated costs shown in Attachment A;
- C. ADOPTING a resolution with respect to the Proposition A commercial paper and short-term program that approves the selection of Barclays or such other banks selected by the Chief Executive Officer for the Proposition A commercial paper program, and the forms of the reimbursement agreement, fee agreement and reimbursement note in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment B;
- D. ADOPTING a resolution with respect to the Proposition C commercial paper and short-term borrowing program that approves the selection of Wells Fargo or such other banks selected by the Chief Executive Officer for the Proposition C commercial paper program, and the forms of the revolving credit agreement, revolving obligation notes and supplemental subordinate trust agreement in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment C.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

Attachments: [Attachment A - Recommendation Summary](#)
[Attachment B - Proposition A Authorizing Resolution](#)
[Attachment C - Proposition C Authorizing Resolution](#)
[Additional Documents](#)

SUBJECT: GENERAL PUBLIC COMMENT

[2018-0808](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S
SUBJECT MATTER JURISDICTION

Adjournment

**Board Report**

File #: 2018-0724, **File Type:** Agreement**Agenda Number:** 11.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 16, 2019****SUBJECT: LICENSE AGREEMENT WITH SOUTHERN CALIFORNIA EDISON FOR THE BLUE
LINE STORAGE YARD****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute a five (5)-year license agreement commencing November 1, 2018 with Southern California Edison ("Licensor") for the Blue Line Storage Yard located next to Division 11 in Long Beach at a rate of \$117,848.33 annually with escalations of three percent (3%) annually for a total license value of \$625,673 over the term.

ISSUE

Metro Operations has a continued need for the storage yard next to Division 11 for ongoing Blue Line operations needs. Approving this license will secure the space for an additional five-year term (Nov. 1, 2018 - Oct. 31, 2023). The Licensor will only issue licenses for five-year periods.

BACKGROUND

The current five-year license expired on October 31, 2018. The current rental rate is a fair estimation of market value based on a recent Metro staff appraisal from early 2018. No alternate location has been found which can offer a similar affordability and proximity to Division 11 that provides a best fit approach to both operational need and dollar cost to satisfy storage requirements.

Although Real Estate was ready to present the agreement for Board approval at the September 27, 2018 meeting, SCE's counsel was delayed in providing final terms and conditions nor was SCE willing to accept more than a five-year agreement. This impacted the department's timeline for Metro Board approval. However, the current agreement remains in holdover and operates as a month-to-month arrangement while the successor agreement is fully negotiated and approved by all parties.

DISCUSSION**Findings**

Metro has maintained storage at this location dating to the 1990s, so Real Estate finds little agency exposure in continuing the license with the Licensor.

Risks

Because of the continued need for storage at this location, the larger risk is to operational efficacy if the Board chooses not to renew the license with Edison. In the unlikely event that Metro determines the space is no longer needed, Metro can choose to exercise its right to terminate the license at any time with 30 days' notice mitigating any long-term financial obligations of the license.

Equity Platform

This storage yard services the Blue Line which is one of a limited number of high-frequency and capacity transit options connecting Long Beach to the greater Los Angeles metro area. Not approving could hinder existing services and exacerbate mobility options and challenges in the area.

DETERMINATION OF SAFETY IMPACT

The property outlined in this agreement is currently in use by Metro as the Blue Line storage yard, and Real Estate finds no foreseeable risk to safety from continuation of the license agreement with SCE.

FINANCIAL IMPACT

Funds for this license agreement are budgeted annually in the Real Estate Non-Departmental Cost Center (0651) under Rail Operation's Blue Line Project (300022). The five-year term (with three percent year-over-year escalation) will result in the payment schedule outlined in the section below.

Impact to Budget

The funds for this license agreement are eligible for bus/rail operating and capital expenses and include fares and sales tax. Payments are made in November of the term year. The first payment will be made immediately and paid from the above referenced funding source on an annual basis through expiration of the term in fiscal year 2023. The five-year budget impact will be as follows:

| <u>Fiscal Year</u> | <u>Period</u> | <u>Annual Rent</u> |
|---------------------------|----------------------|---------------------------|
| 2019 | 11/1/18 to 10/31/19 | \$117,848.33 |
| 2020 | 11/1/19 to 10/31/20 | \$121,383.78 |
| 2021 | 11/1/20 to 10/31/21 | \$125,025.29 |
| 2022 | 11/1/21 to 10/31/22 | \$128,776.05 |
| 2023 | 11/1/22 to 10/31/23 | \$132,639.33 |
| | Total | \$625,672.78 |

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This agreement aligns with Strategic Plan *Goal 1* by providing adequate storage for Blue Line operational needs which are essential to providing high quality mobility operations for L.A. County residents in the defined service area. In addition, Real Estate staff are of the opinion, given

operational requirements, that this is the best available option for the agency and provides a responsive outcome via a transparent and accountable process as defined by Goal 5 of the Strategic Plan.

ALTERNATIVES CONSIDERED

Real Estate considered not renewing the license agreement with the Licensor. When local market research was conducted to find alternative sites, it became apparent that no site providing both equivalency for a best-fit based on Blue Line operating needs to dollar value could be matched with the current site.

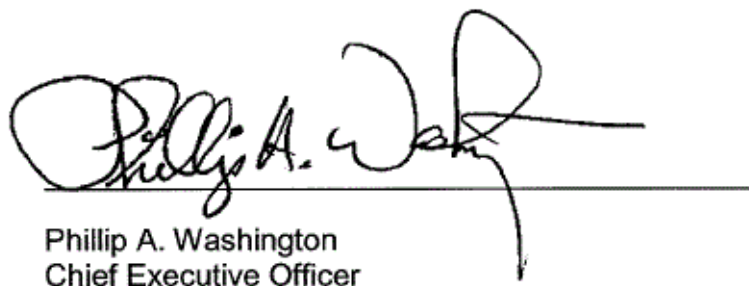
NEXT STEPS

Upon the Board's approval, Real Estate will prepare the license agreement for execution by Metro CEO and subsequently obtain counter-signatures to fully execute the five-year license with Southern California Edison.

Attachment A - Division 11 Storage Yard Location

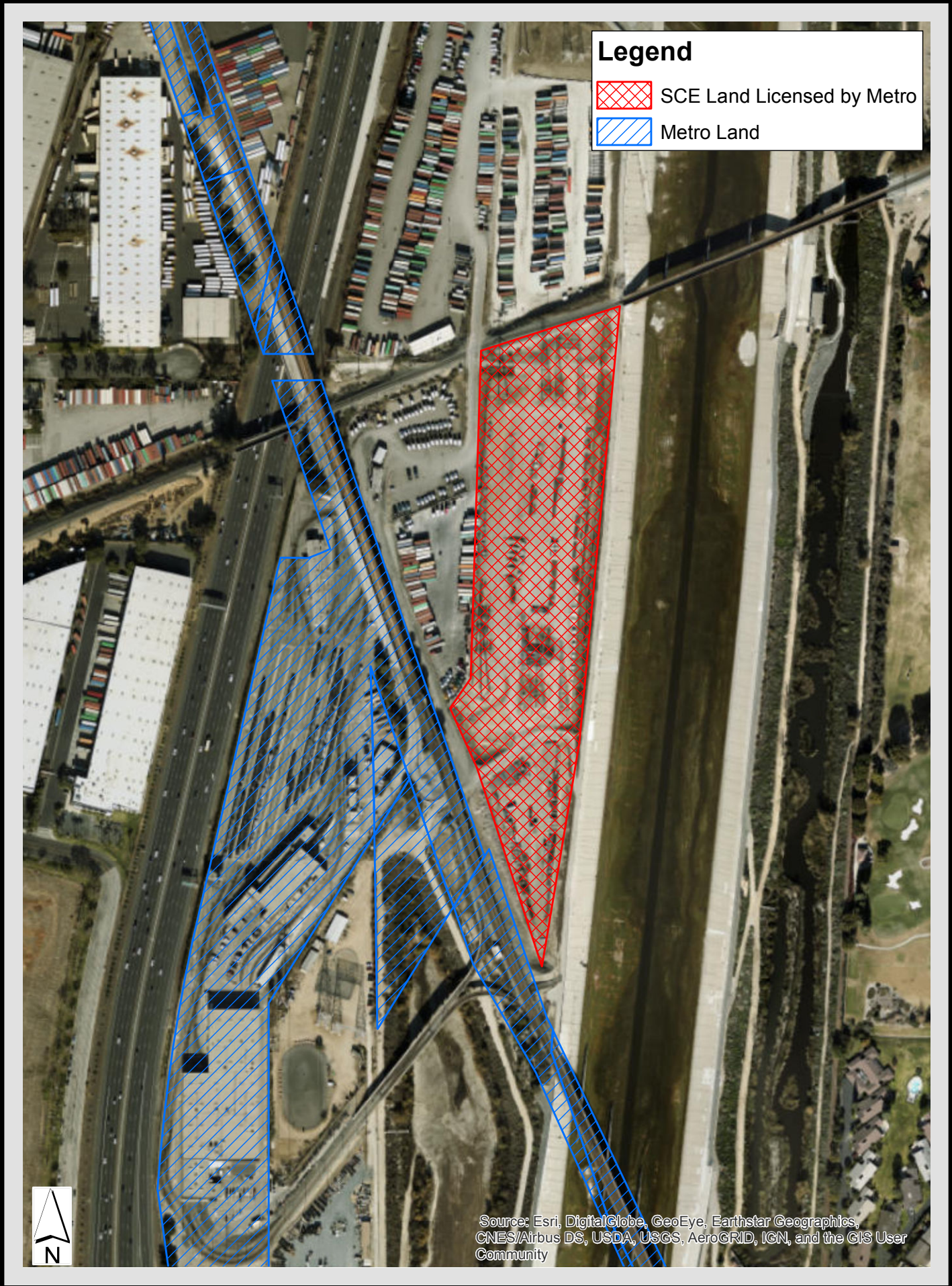
Prepared by: John Potts, DEO, Countywide Planning & Development, (213) 418-3397
Holly Rockwell, Senior Executive Officer, Countywide Planning and Development (213) 922-5585

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer

Attachment A – Division 11 Storage Yard Location





Division 11 – Blueline Storage Yard Renewal

Finance Budget & Audit Committee

January 16, 2019 12:00 P.M.

File# 2018-0724



Metro

Division 11 – Storage Yard Renewal

| | |
|-----------------------|--|
| New/renewal | Renewal of Existing License |
| Landlord/Owner | Southern California Edison |
| Location | Adjacent to Division 11 in Long Beach, See Attachment A |
| Purpose | Storage for Blue Line Operations |
| Duration | 5-Years |
| Total Cost | \$117,848 in FY2019 with annual increases of 3% per year. Total of \$625,673 over 5-year term |

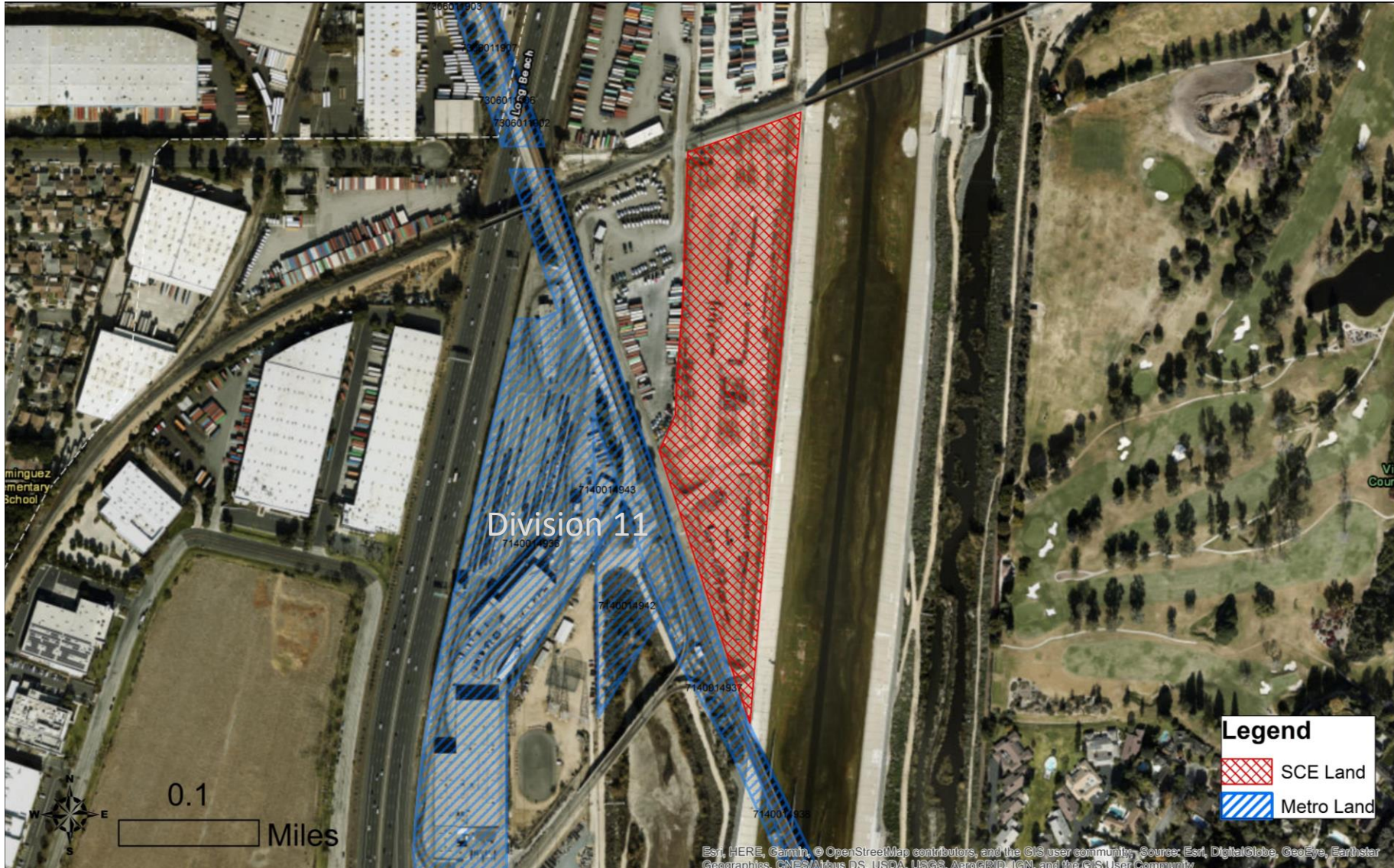


Metro

Division 11 – Storage Yard Renewal

| | |
|--------------------------------------|--|
| Early termination clauses | 30-days notice for either party |
| License value support | MTA Staff Appraisal |
| Background with this landlord | Metro has been using this location under a series of five-year licenses since December 1998 as a storage site for construction equipment and supplies needed in support of various rail construction projects. |
| Special provisions | None. The standard SCE license form was used. |

Division 11 – Storage Yard Renewal





Board Report

File #: 2018-0763, **File Type:** Informational Report

Agenda Number: 12.

FINANCE, BUDGET AND AUDIT COMMITTEE JANUARY 16, 2019

SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on Access Services - ADA Paratransit.

ISSUE

This is a quarterly update on Access Services (Access), as requested by the Finance, Budget and Audit Committee.

DISCUSSION

Agency Overview

Access is the Los Angeles County transit agency that provides paratransit services on behalf of Metro and 44 other fixed route operators, as mandated by the Americans with Disabilities Act (ADA). Eligibility for Access is based on a person's ability to use accessible buses and trains in Los Angeles County and has 158,000 registered riders to date. Access' paratransit service is a next-day, shared-ride, curb-to-curb service with additional assistance available to qualified individuals. The service is operated by six contractors in the following regions of Los Angeles County: Eastern, Southern, West Central, Northern, Santa Clarita Valley and Antelope Valley. Access provides services in which customers are picked up and dropped off within 3/4 of a mile of local bus route and rail lines. Customers call Access' providers directly to make trip reservations.

FY19 - Operational Performance to Date

Access oversees its contractors' compliance with federal law and regulations and their service to Los Angeles County paratransit customers through regular audits and the monitoring of a number of Key Performance Indicators (KPIs). The major KPIs are listed below.

From July 1 through November 1, 2018, Access provided more than 1.17 million passenger trips, approximately a two percent increase over the same period last year. Year to date, on-time

performance (OTP) remained strong during September and October, which are generally challenging months because of increased customer demand coupled with significantly increased traffic congestion. Call center performance is generally positive, with the Customer Service and Operations Monitoring Center continuing to show significant improvement.

As discussed in prior reports, providers are reporting difficulties hiring and retaining customer service representatives because of the competitive labor market which caused reservations call center performance to be slightly below standard (5.8% versus 5%).

In FY19, preventable collisions have ticked upward but continue to be considerably lower than those experienced by peer transit operators. Access counts any contact as a collision (even if there is no damage), regardless of dollar value, to emphasize the importance of safety. This focus has led to a decrease in Access' auto liability premiums for the past two years.

For providers that are not meeting established KPIs, staff requests the submission of corrective action plans and assesses liquidated damages to enforce contractual compliance.

| Key Performance Indicator | Target | FY 2017 | FY 2018 | *FY 2019 |
|--|-----------|---------|---------|----------|
| On Time Performance | ≥ 91% | 91.5% | 92.1% | 92.4% |
| Average Hold Time (Reservations) | ≤ 120 sec | 83 | 83 | 91 |
| Calls On Hold > 5 Minutes (Reservations) | ≤ 5% | 4.5% | 5.1% | 5.8% |
| Service Complaints Per 1,000 Trips | ≤ 4.0 | 3.8 | 3.4 | 4.0 |
| Preventable Collisions Per 100,000 Miles | ≤ 0.50 | 0.64 | 0.68 | 0.70 |
| Average Hold Time (Customer Service) | ≤ 180 | 131 | 126 | 92 |
| Average Hold Time (Operations Monitoring Center) | ≤ 180 | 126 | 103 | 68 |

*FY19 as of 11/01/2018

On-time Performance (OTP) - Access has an OTP standard of 91% within a 20-minute arrival window and measures on-time performance by using GPS validation to verify driver-reported arrival time at pick-up locations. On-time windows of 20 or 30 minutes are standard for ADA paratransit.

Reservations - Average Hold Time / Calls on Hold over 5 Minutes - Access measures the average amount of time, in seconds, that calls for reservations are on hold before being answered. In addition, Access measures the percentage of reservation calls that are on hold for five minutes or longer before being answered.

Preventable Collisions - Access tracks preventable collisions system-wide, at the contractor level, and down to the driver level. As a primary measurement of how safe the paratransit system is, the preventable collision rate is calculated monthly and measures the number of preventable collisions per 100,000 service miles, an industry standard.

Service Complaints per 1,000 Trips - Access tracks the number of complaints it receives to monitor the overall quality of the service. All complaints received, regardless of validity, are included in this measure.

Customer Service Center and OMC - Average Hold Time - Access measures the average amount of time, in seconds, that calls for its Customer Service Center and OMC are on hold before being answered.

Working with Community Partners

The Rancho Los Amigos National Rehabilitation Center (Rancho): Rancho in Downey is one of Access' largest trip generators. Several enhancements were implemented by Access' Southern Region provider, Global Paratransit (Global), including the provision of a dedicated road supervisor to Rancho who is also serving as a "floater." Staff from both the provider and Access are monitoring this arrangement and have received positive feedback from Rancho leadership and customers. In addition, Global hosts an annual review of all drivers on proper mobility device securement protocols. This year, Global has integrated Rancho staff's feedback into the training and collaborated with Rancho to ensure that the mobility devices used as part of this training reflect the devices used by Rancho's customers.

Aging and Disability Transportation Network (Network): In June 2016, the Metro Board passed a motion ("Countywide Services for Older Adults and People with Disabilities") that asked for an action plan to better address the transportation needs of older adults and people with disabilities that included an evaluation of the feasibility of enhancing Access. Metro and Access staff have been meeting with Network representatives to discuss and study the following enhancements to the service: technology to improve dispatching/routing; website enhancements to improve the customer experience; improved processes to facilitate the negotiation of pick-up times; and continued enhancements to the travel training program. The proposed enhancements will ultimately be brought to the Access Board of Directors for consideration. One such proposal, regarding adding additional transfer times between the North County and the Los Angeles Basin, will be brought to the Access Board in February 2019.

The Network and Access have also been working together on strategies to continue the Parents with Disabilities (PWD) program, which provides additional assistance to Access customers with school-age children. Access and the Network have met with possible program partners, such as the Los Angeles Unified School District, and are discussing different service models that could be used to expand the program countywide.

Technology Update

Where's My Ride (WMR): More than 3,100 customers have downloaded the WMR application. The app, which is being used nearly 7,000 times a day, allows customers to obtain an estimated time of arrival (ETA) and vehicle location for their trips, and provide feedback and comments after the trip is

completed. Based on customer feedback, the latest update now displays the vehicle identification number and type of vehicle to assist customers in identifying their vehicle. Access is also expanding the WMR Help Desk phone line to provide customers with information and tech support.

Online Reservations: Access is in the process of implementing an Online Reservations platform. Currently beta testing of the new system is taking place with customers in its West Central and Eastern Regions. This test group is booking trips online and has provided valuable feedback. This platform is expected to go live in March 2019 in those two regions.

All of the above initiatives, as well as the expanded suite of KPIs that will assist in providing enhanced service to Access customers are funded by Measure M 2%.

Woolsey Fire: From Thursday, November 8, 2018, through Saturday, November 17, 2018, Access and regional contractor staff were involved in response efforts due to the destructive Woolsey wildfire, which affected both Los Angeles and Ventura Counties. Access' Emergency Operations Center (EOC) was activated to monitor the fire's effect on Access' operations.

The Woolsey Fire highlighted the importance of Access' Emergency Management Program and demonstrated the effectiveness of Access' partnerships with its contractors and member agencies. This partnership proved critical when Access was contacted by the Palos Verdes Peninsula Unified School District for assistance evacuating 103 adults and children from a Malibu youth camp. Access helped coordinate the evacuation using buses from the Los Angeles Department of Transportation (LADOT) and Santa Monica Big Blue Bus (BBB) on behalf of the Palos Verdes Peninsula Transit Authority.

Free Rides to the Polls

Access joined with Metro and other transit operators to provide free rides to the polls on Election Day. The initiative was approved by the Access Board at a special meeting and staff then informed riders using seat drops, website notices and recordings on reservations and customer service lines. Access received positive feedback from customers for this effort and is making this a permanent policy moving forward.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 2: Deliver outstanding trip experiences for all users of the transportation system

Goal 3: Enhance communities and lives through mobility and access to opportunity

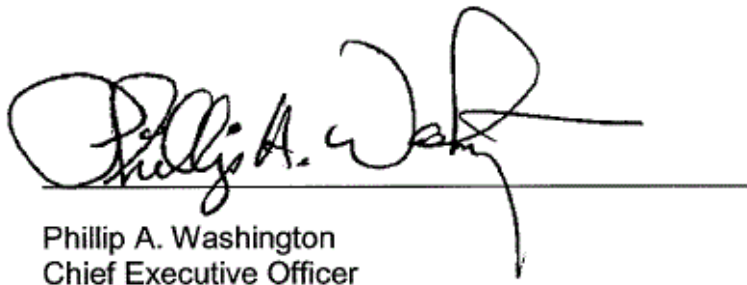
NEXT STEPS

Access is in the process of completing the following:

- Continue development and implementation of an online reservations platform with initial deployment in March 2019;
- Amend existing contracts to include an expanded suite of Key Performance Indicators (with accompanying liquidated damages) to provide enhanced ADA paratransit service;
- Continue to work with Community Partners;
- Work with Metro staff to develop the FY20 Budget.

Prepared by: Giovanna M. Gogreve, Senior Manager Transportation Planning, (213) 922-2835 (in consultation with André Colaiace, Executive Director, Access Services, (213) 270-6007)

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



Phillip A. Washington
Chief Executive Officer



Access Services Quarterly Update

Finance, Budget & Audit Committee
January 16, 2019

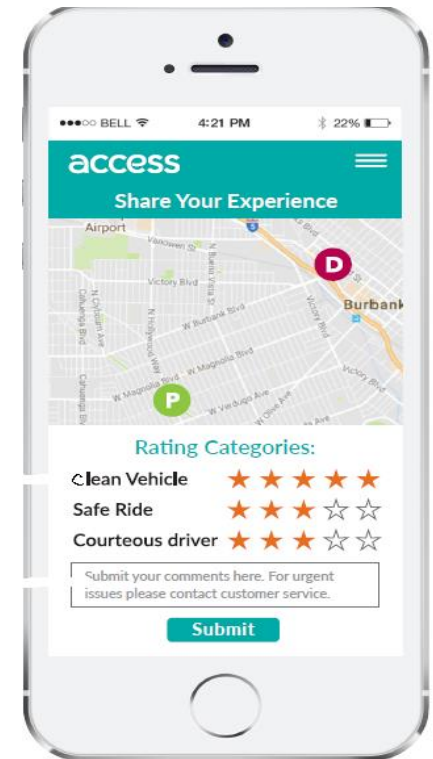


Agency Performance Goals

| Key Performance Indicator | Target | FY 2017 | FY 2018 | *FY 2019 |
|--|-----------|---------|---------|----------|
| On Time Performance | ≥ 91% | 91.5% | 92.1% | 92.4% |
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| *FY19 as of 11/01/2018 | | | | |

“Where’s My Ride” application (WMR) – Update

- Ride information and notifications
 - Estimated Time of Arrival (ETA)
 - Map view of vehicle location
 - “Rate My Ride” function
 - New feature – Vehicle type and ID number
- Downloaded by over 3,100 customers
- Used 7,000 times per day
- WMR Help Desk



Online Reservations

- The Web Booking Application is an easy to use tool that allows customers to:
 - Book a next day trip
 - Edit an existing next day trip
 - Cancel a trip
- Implementation:
 - Phase 1 – go live March 2019 In Eastern & West/Central Regions
 - Phase 2 – go live Summer 2019 San Fernando Valley and Santa Clarita, and Southern Regions

access

access AA

Sign Out

Online Booking

Booking Contact Us

Welcome, **Moises H Wmrtest**, Rider Id: **916481**. Sign Out if you are not **Moises H**.

Review Info

Please review the reservation details
Click "Book this trip" button below to confirm and save it.

Trip Date and Time Change
November 20, 2018 @ 3:20 PM

Pick Up Address Change
1717 N VERDUGO RD, Glendale

Drop Off Address Change
500 N BRAND BLVD, Glendale

Passengers Change
Total: 1

Load & Passengers Details Change
Primary Passenger – Moises h Wmrtest (Ambulatory)
Equipment: CRUTCHES

Callouts Change
Text me: (213) 270-6000

Fare
\$2.75
The fare is calculated according to the following:
Fare Mileage: 3.4 mi.
Fare Passengers: 1

Book this trip Cancel

Working with Community Partners

Rancho Los Amigos National Rehabilitation Center

- Dedicated road supervisor and “floater”
- Dedicated transportation coordinator “starter”
 - Both positions facilitate transportation for Rancho patients
 - Assist customers to their vehicles, provide ETAs
 - Rebook trips if medical appointments go late
- Positive impact on site operations

| Positive Impacts | Prior 6 Months | Current |
|--------------------------|----------------|---------|
| On Time Performance | 91% | 93% |
| Rebooked Trips (<45 min) | 16 | 40 |
| Complaints | 27 | 14 |

- Joint training on securing mobility devices





Aging & Disability Transportation Network

- Enhance mobility options for customers in Antelope Valley/Santa Clarita regions
 - Additional weekday, weekend and holiday transfers to Los Angeles basin
 - Conducting outreach in Santa Clarita and Antelope Valley to ensure that needs are being met
- Parents with Disabilities Program (PWD)
 - Identify permanent funding for program
 - Seeking program partners (e.g. LAUSD)
 - Discussing different models to expand program
- Technology improvements
 - Website enhancements
 - More enhancements to Where's My Ride app
 - Development of comparable phone system to offer same benefits as app
- Service improvements
 - Driver to Rider Communication System – Pilot
 - Working with software developers on routing and dispatching software

Agency Update/Next Steps

Agency Update

- Free Rides to the Polls
- Woolsey Fire Response
- Continue work with Community Partners

Next Steps

- On line Reservations – March 2019
- FY20 Budget Development
- Amend existing contract with expanded KPIs





Board Report

File #: 2018-0706, File Type: Program

Agenda Number: 13.

REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 16, 2019

SUBJECT: LOW INCOME FARE SUBSIDY PROGRAM (LIFE)

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the extension and execution of Memorandums of Understanding (MOU) by the Chief Executive Officer for Low Income Fare is Easy (LIFE) and Immediate Needs Transportation Programs (INTP) including transportation and administration for a period of six months beginning July 1, 2019 through December 31, 2019;
- B. AMENDING the Fiscal Year (FY) 2019 Budget by \$400,000 to increase the LIFE program from \$14.1M to \$14.5M due to Federal Transit Administration Section 5316 Job Access and Reverse Commute (Section 5316) funding received for the LIFE program;
- C. AUTHORIZING the extension and execution of the Memorandums of Understanding (MOU) by the Chief Executive Officer for the Municipal, Included and other TAP Operators that are or will be participating in the LIFE program;
- D. AUTHORIZING the extension and execution of Memorandum of Understanding (MOU) by the Chief Executive Officer for Support for Homeless on Re-Entry Program (SHORE), including transportation and administration for a period of two years beginning FY20, subject to availability of funds approved through the budget process;
- E. RECEIVING AND FILING LIFE Implementation Update; and
- F. RECEIVING AND FILING LIFE Marketing Update.

ISSUE

At its May 2014 meeting, the Metro Board approved the reauthorization of the programs through the end of FY19 (See Attachment A). LIFE serves low income transit riders, victims of domestic violence, individuals experiencing homelessness, elderly and individuals with immediate transportation needs.

See Attachment B for a description of subsidy programs.

On July 27, 2017, the Metro Board approved the funding award recommendations for Section 5316 funds. At the conclusion of that award process, there was a remaining balance in Section 5316 funds of approximately \$1.7 million (\$1,735,145). Metro Staff has taken appropriate steps and awarded the funds to Metro's LIFE Program. Among the original Section 5316 award recommendations was an award to the City of Compton for \$192,174. The award to Metro's LIFE Program includes the \$192,174 Section 5316 funds originally awarded to the City of Compton, therefore, Metro will replace those funds with local funds so that the City of Compton will still receive the total award recommendation. FY19 projected cost for the marketing, outreach, and additional support of the LIFE Program will be \$400,000.

Currently, there are eleven Municipal operators that participate in the LIFE program, their contracts expiring June 30, 2019. The new MOUs will be developed based on the Reimbursement Policy approved by the Bus Operations Subcommittee on September 18, 2018 (See Attachment C). This will allow for the timely execution of the MOUs prior to the implementation of the LIFE Phase II.

SHORE provides subsidy to homeless service providers in Downtown Los Angeles, South Los Angeles, East Los Angeles and Hollywood. The program was reauthorized in 2014 for the period of 5 years starting FY15. MOU will expire on June 30, 2019. See Attachment B for a description of the SHORE program.

DISCUSSION

LIFE Administrator MOU Extension

Current administrator MOUs will expire on June 30, 2019. Staff has initiated the procurement process that should culminate in June 2019, and will seek Board approval in July 2019. Extension of the current MOUs will facilitate the provision of uninterrupted service to participants; maintain a steady and consistent flow of communication of program changes to the participants; complete the development of system infrastructure to support the new operations and administrative process; and provision of the administration and management services to more than 500 partner agencies. Once the major revisions of the program are implemented, staff will concentrate on assisting and training the administrators in the use of the database, the new guidelines and execution of contracts with partner agencies and service providers. Immediate Needs Transportation Program (INTP) has started its integration to LIFE beginning September 2018 and is expected to be fully integrated into the LIFE program effective Summer, 2019.

The program administrators will be renewed for the six month period (July 1, 2019 to December 31, 2019) at the following rates: LIFE program (RRTP) administration: FAME Assistance Corporation \$150,000, Human Services Association \$100,000. Immediate Needs Transportation Program Administration (INTP): International Institute of Los Angeles \$162,500, and FAME Assistance Corporation \$162,500.

LIFE Budget Amendment

The LIFE Program was awarded Section 5316 funds to support the LIFE Program's outreach and marketing efforts. The total grant award is \$1,735,145 and includes a 50% local match for a total project cost of \$3,470,290 to be used within three years of the award. As a condition of receiving the full \$1,735,145 in Section 5316 funds, Metro will provide \$192,174 in local funds to the City of Compton. Staff anticipates allocation of \$400,000 in FY19 to be utilized for the marketing and outreach and subsidized transportation to qualifying patrons. The funds will be matched with our subsidy funding and expended for communicating the changes as well as the major campaign to attract new recruits. The future years Section 5316 budget will be allocated through the budget process. The marketing and outreach plan details are included in Attachment D of this Board report.

City of Compton

The City originally applied for the Section 5316 funds and was awarded \$192,174 in operating funds. However, the Section 5316 funds were old grant funds repurposed through a budget revision. Because the City wasn't named in the original Section 5316 grant and couldn't be added through an amendment, they could not receive the funds. Metro will retain the originally awarded Section 5316 funds and replace those funds with local funds so that the City of Compton will still receive the total award recommendation.

Municipal Operator LIFE Contracts

In February 2007, Metro Board authorized the inclusion of Municipal and Included operators in the LIFE (previously referred to as RRTP) program. Staff negotiated and executed Memorandums of Understanding (MOUs) with the operators interested in joining the program. Since then Antelope Valley Transit Authority, Culver CityBus, Foothill Transit, GTrans, LADOT Transit, Long Beach Transit, Montebello Bus Lines, Norwalk Transit systems, Santa Clarita Transit, Santa Monica Big Blue Bus and Torrance Transit have joined the program. Once LIFE is transitioned to TAP, all TAP enabled operators will be able to participate in the program should they choose. Glendale Beeline, Burbank and Pasadena have expressed interest in joining the program. Staff will develop the Memorandums of Understanding, in cooperation with the operators. The new contracts are anticipated to be in place by July 1, 2019 so the participants can choose to ride any of the participating operators. This will allow for the timely execution of the contract for each operator prior to the implementation of additional LIFE benefits, namely the introduction of the "20-Ride" benefit.

SHORE Program Extension

The SHORE program is administered by Shelter Partnership with an annual budget of \$520,000, of which \$500,000 is set aside for transportation subsidies and \$20,000 for administration of the program. SHORE supports the homeless service providers located in Downtown Los Angeles, South Los Angeles, East Los Angeles and Hollywood. During FY19, SHORE transitioned from tokens to TAP cards. Please see Attachment B for a description of SHORE program. Staff is aware of the geographical limitations of this program and will continue evaluating the program in relation to LIFE to address the unique transportation issues of the individuals experiencing homelessness and victims of domestic violence countywide. LIFE and SHORE programs are subject to annual audit.

LIFE Program Implementation

Implementation of LIFE program has been moving forward in two phases;

Phase I

The first phase of the program was implemented in January 1, 2018. The subsidy was increased for participants with the immediate expansion of the program using the current coupon/token based distribution methods providing qualifying riders access to discounted 7-day or 30-day passes (RRTP) or the distribution of tokens by Metro affiliated network of social service agencies (INTP).

Table 1 below reflects the LIFE program benefits effective July 2019.

| LIFE <i>Effective July 1, 2019</i> | | | | |
|---|--|---------------------------|-------------------------------|------------------|
| Individual Benefits (Choice of one each month) | | | | |
| Pass Type | Pass Amount | Current Subsidy per Month | Current Subsidized Pass Price | % Off Pass Price |
| Regular Fare 30 Day | \$100 | \$24 | \$76 | 24% |
| or | \$25 | \$6 | \$19 | 24% |
| Regular Fare 7 Day (four weeks per month) | | (four times per month) | | |
| College/Vocational Pass 30 Day | \$43 | \$13 | \$30 | 30% |
| Student 30 Day Pass | \$24 | \$10 | \$14 | 42% |
| Senior/Disabled 30 Day Pass | \$20 | \$8 | \$12 | 40% |
| 20 Regional Rides (per month) | Option available as an alternative to pass purchase. Applicable to all rider categories | | | |
| Agency Benefits | | | | |
| <ul style="list-style-type: none"> Taxi Vouchers, not counted against individual benefits above. Some short term transit benefits are being developed for homeless individuals | | | | |
| Total Annual Budget | \$14.1 million in 2019 | | | |

Phase II

Phase II will consist of completion of the INTP transition to LIFE and complete technical integration into TAP wallet, eliminating the need for coupon and token usage. This will provide more convenient and affordable access and increase the ability of qualifying riders to secure and utilize transit services in Los Angeles County. The transition of INTP into the LIFE program is expected to be completed during Summer 2019.

The integration will result in the following features:

- **A Simplified Participant Eligibility Process** - eligibility for subsidies will be indicated on eligible participant's TAP card each year eliminating the need to appear at the distributing agency every 6 months. The purchases can be done at a vendor site or thru TAPtogo.net.
- **New TAP Ride-based Options** - Tying participants' benefits to a TAP card allows for a new ride product to replace the tokens currently issued under INTP. Under the revised program, effective July 1, a customer can choose either a discounted pass product or the 20 regional TAP rides each month. Currently, the TAP ride option is not available. In addition, in cooperation with homeless providers, a product is being developed to specifically address the transportation needs of homeless individuals. Staff is exploring the option of providing a preloaded product on disposable/temp cards that can be issued directly by homeless service providers to eligible clients. In case of loss or theft of the card, the client would be able to return to the agency to receive their remaining subsidy.

When fully implemented, the combined increase in transit subsidy for qualified riders and technological improvements in the program will significantly enhance the ability of economically vulnerable individuals, including Senior and Disabled, Student, and regular riders, to access both Metro and other Municipal, Included or Local transportation service providers.

Marketing & Outreach

In an effort to ensure maximum outreach and the introduction of the new program to potential riders, an extensive marketing campaign is being developed for launch in June 2019. In addition, a major campaign to inform our current patrons is currently underway. Section 5316 funding will be utilized to fund both campaign expenditures. See Attachment D for the detailed Marketing Plan for new participants and for the notification and communication of "Changes are coming" Marketing Plan. The campaign uses a four part strategy:

- **Distribution of information throughout Metro network** - Different approaches have been devised for the current participants and the new recruitment. The campaign will utilize Metro channels to reach all eligible riders. These channels, some of which will also be provided to participating operators, brochures (translated into 9 languages), posters, car and rail cards, on hold messages, Source post, etc.
- **Distribution of information through Digital media consultant** - a media agency will be contracted to place advertisements in various websites, applications, digital radio and a wide range of bill boards to reach target audiences. In addition, a consultant is developing program

videos for new and current participants.

- **Outreach through program administrators and participating agency partners** - LIFE administrators, along with 500+ participating non-profit, faith-based or governmental agencies conduct outreach to their client base and general public. Staff will also be contacting small employers, libraries, civic and senior centers, and organizations or agencies that are currently not participating in the program.
- **Outreach conducted by Metro program staff** In addition to staff's attendance at community based outreach events, LIFE program information will be provided to Municipal Operator partners, Bus Operations Subcommittee and Local Transit Systems Subcommittee, Service Councils and various Metro committees. The program changes will be communicated to internal Metro departments that have regular contact with the public to assist with outreach.

With the introduction of updated technology through the TAP system, the effectiveness of the campaign will be continuously analyzed, and the outreach plan will be revised to target underserved areas.

Notification of Changes to Current Patrons

In addition to the major marketing campaign countywide, a campaign informing our current patrons is currently underway.

- The current participants have received information on the "Changes are Coming" at the start of the December 2018 distribution and will continue the campaign through future enrollments.
- The information will be emailed and or mailed to patrons multiple times.
- Metro, administrator and participating agency staff will continue communicating the changes in person during distributions. This effort began in November 2018 and will continue until all clients have been notified.
- An animated video was developed to display the changes to the patrons. The video will be played at the participating agency sites during each distribution.
- Metro's webpage also has been updated to inform the visitors of the changes and the video will be available as well.
- The information will be communicated to the patrons at community based outreach events such as Homeless Connect Days, Colleges, On the Move Riders events etc.

DETERMINATION OF SAFETY IMPACT

There is no impact on the safety of Metro patrons or employees as a result of the Board's consideration of this item.

FINANCIAL IMPACT

Funding of \$14.1 million is included in the FY19 Budget in cost center 0443, project number 410016, for the programs. Approval of the inclusion Section 5316 funding will increase the funding level to \$14.5 million in FY19.

Impact to Budget

The FY19 Adopted budget included \$10 million funded with Prop C 40% and an additional \$4.1 million from Measure M 2% (ADA Paratransit and Metro Discounts for Seniors and Students). Should the Board approve staff recommendation, \$400,000 of Section 5316 funding will be added to the budget. Future appropriations will be included in subsequent year's budgets.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports the following goal of the Metro Strategic Plan.

Goal 3: Enhance communities and lives through the provision of mobility and access to opportunity

ALTERNATIVES CONSIDERED

The Board could choose to not approve the contract extensions with current providers. Staff does not recommend this option as the change of the administrators in the midst of the transition would have a negative effect on the smooth service delivery and patron notifications. If the additional funding is not approved then staff will not be able to take advantage of the Section 5316 funding to expand program outreach. The Board may also choose not to authorize the contract negotiation with the transit operators. This is not recommended as it would adversely affect program participants by limiting their access to expanded travel and transportation options. The Board may also choose to not to extend the contract to the SHORE program, however this option is not recommended since this will negatively affect the homeless individuals participating in the program.

NEXT STEPS

The implementation of Phase I on January 1, 2018 marked the beginning of additional activities in order to capture the technological advances in future TAP technology. Future planned activities include:

- Issue RFP for new third party administrators
- Ensure smooth transition of the administrators

- Implement the marketing plan
- Prepare and execute five-year agreements with current or new Municipal, Included or TAP Operator partners
- Continue integration of INTP into LIFE
- Continue development of the system infrastructure to support new administrative processes in coordination with TAP Operation
- Review and revise current policies and operating guidelines
- Continue to conduct outreach on the new program, including a comprehensive outreach campaign to raise awareness of available discounts
- Continue to work with participating non-profit agencies to address implementation issues
- Review the SHORE program in relation to LIFE and explore opportunities to either integrate, incorporate or expand either programs

ATTACHMENTS

Attachment A - May 2014 Board Report

Attachment B - Description of LIFE, INTP and SHORE

Attachment C - Operator Reimbursement Policy

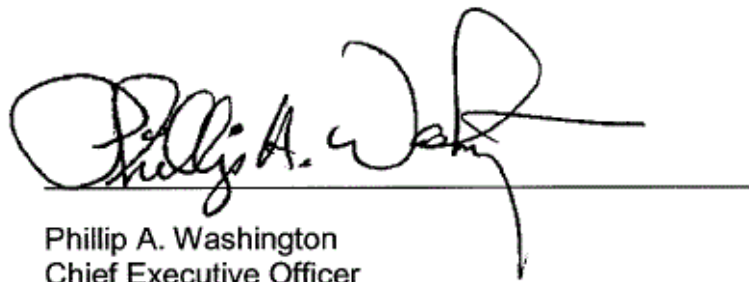
Attachment D - Marketing and Outreach Plan

Prepared by:

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REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
May 14, 2014

SUBJECT: FUNDING FOR FARE SUBSIDY PROGRAMS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

Authorize the extension and execution of Memorandum of Understanding by the Chief Executive Officer for the 1) Support for Homeless Re-Entry Program (SHORE-\$500,000 annual budget); 2) Immediate Needs Transportation Program (INTP-\$5,000,000 annual budget); and, 3) Rider Relief Transportation Program (RRTP-\$5,000,000 annual budget) for five years beginning Fiscal Year (FY) 2015, subject to availability of funds approved through the budget process. Additionally, authorize:

- A. Re-allocation of the coupon printing expense, estimated at \$100,000 for FY15, from the administration budget to the transportation budget so that the full value of the administrative share of \$500,000 is available for the program administration.
- B. Allocate additional funding in the amount of \$20,000 for the administration of the SHORE program, bringing the total funded value to \$520,000 (an increase of 4%)
- C. Authorize a change in the distribution of INTP fare media to allow for up to 70 ~~65~~ 65 ~~50~~ % of the subsidy value to be made available through the token program, increasing the token share from its current level of ~~65~~ 50 %. Conversely, the subsidy value allocated to the taxi program would decrease from ~~35~~ 50 % to ~~30~~ 35 %.

ISSUE

The INTP, SHORE and RRTP are specialized transportation programs that serve people with disabilities, frail elderly, welfare participants, indigents, low-income transit riders and people with immediate transportation needs. Both the INTP and SHORE were established with funding through the Call for Projects. RRTP was developed by MTA Board action to mitigate the adverse effects of the 2007 fare increase on low-income population. The programs were last re-authorized in May 2009 for the period FY2010 through FY2014. Please refer to Attachment A for details on each program.

DISCUSSION

In addition to re-authorization of the programs at the funding levels of the past five years, staff requests the following three modifications (one to each of the three programs):

A. When the RRTP was adopted in June 2007, the Board approved 10% (\$500,000) for administration of the RRTP program which included an estimated \$40,000 in printing costs with the remainder to be paid to the program's administrators, FAME Assistance Corporation (FAC) and Human Services Association (HSA). The success of the program coupled with the rise in printing cost has increased the overall cost of printing to \$90,000, effectively lowering the amount of funding allocated to administer the program. For FY15, the printing cost would approximately be \$100,000, an increase of \$10,000 is estimated based on the program growth. The funds remaining in the transportation subsidy budget are adequate to absorb the printing cost.

B. Since the inception of the program in 1994, Shelter Partnership, Inc. has utilized other funding sources to fund the administration of the program, leaving 100% of Metro funds available for transportation subsidy to the participants. However, due to recent budget cuts the agency is unable to provide the full funding for the administration of the program and is requesting additional funding totaling \$20,000 or 4% for administration.

C. In 2008, the Board approved a ~~65~~ 50% token/~~35~~ 50% taxi share under the INTP program. However, the demand for fixed route services exceeds that for taxis. Increasing the allowable token share to a maximum of ~~70~~ 65% would allow more individuals to be served.

Policy Implications

The INTP, SHORE and RRTP programs provide subsidies to a segment of riders who are either unable or cannot afford to ride our transit services even for their immediate and basic transportation needs. These programs enrich the lives of disadvantaged individuals in many ways. Providing transportation to an abused individual to flee from a dangerous situation to a shelter is a way to ensure his or her survival. Providing transportation to homeless people to attend training or job interview, food pantry or medical appointment improves their quality of life. These programs improve lives by providing lifeline transportation services. All three programs are subject to annual audits, and there have been no significant findings to date. With Board authorization, we will execute MOUs with service providers administering these programs to receive funds.

| PROGRAM | NO OF ANNUAL PARTICIPANTS |
|---------|---------------------------|
| SHORE | 7,000 |
| INTP | 28,000 |
| RRTP | 55,000 |

A. Originally, the Board approved the allocation of 10% (\$500,000) to administer the RRTP program. Annually, approximately \$90,000 (18%) of the administrative funding is for printing cost, reducing the actual amount of funds for administration by FAC and HSA to just 8.2%, far below the Board approved 13% for the comparable INTP. The continued growth of the program has required greater administrative effort while the funds available for administration have declined.

B. Since SHORES's inception in 1994, Shelter Partnership, Inc. has covered the administrative cost of the SHORE program from other sources. However, recent budget cuts have affected their ability to do so. The partial subsidy of the administrative cost in the amount of \$20,000 (3.8% of a revised program budget of \$520,000) would allow Shelter to continue their administrative duties for the SHORE program with no interruptions.

C. Currently, there is more demand for fixed route than taxi - the requests for tokens exceed the allocated budget by 5% annually. Furthermore, any future fare restructuring if approved by the board, would increase the cost of tokens and will have a negative impact on the number of individuals served. Increasing the bus ratio will assist in reversing the impact should it occur.

DETERMINATION OF SAFETY IMPACT

Approval of this project will have no impact on Safety.

FINANCIAL IMPACT

Funding of \$10.5 million is included in the FY14 Budget in cost center 0443, project number 410016, task 01(INTP), task 02(SHORE), task 03(RRTP). Reauthorization of these programs plus approval of the three requested modifications would increase the funding level to \$10.52 million for the next five years beginning with FY15. These programs will be funded with Proposition C 40% Discretionary revenues. As this is a multi-year program, the cost center manager will be responsible in budgeting it in the future years.

ALTERNATIVES CONSIDERED

The Board of Directors may choose not to authorize the CEO to continue with the execution of the MOUs with the proposed providers as recommended. However, this

option is not recommended, as we will be unable to provide funding for these services and would adversely affect more than 80,000 individuals who will not be able to use transportation for their basic needs, attend school or report to work.

A. The Board may also choose not to authorize the allocation of RRTP printing cost to the transportation share (\$4.5 million) of the budget from the administration share (\$500,000). However, the continued reduction in administrative funding available to FAC and HSA as printing costs increase will impact the effectiveness of the program.

B. The Board might also choose not to subsidize a portion of the administrative cost for the SHORE program however this will impact the administration of the program.

C. The Board might also decide to keep the subsidies at the same level, however this option is not recommended since a number of participants using bus subsidy would be adversely impacted.

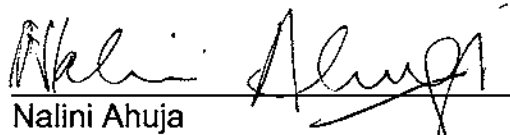
NEXT STEPS

We will prepare five-year MOUs for execution with each of the service providers, as described in the Recommendation. Approval of the recommendation will allow us to provide funding for these specialized transportation programs as budgeted annually. Staff will continue to work with TAP to incorporate the RRTP coupon process to make the program operation more efficient and effective. Additionally, annual audits will continue for each of the three programs. We will return to the Board if there are any significant changes to the programs that affect funding levels or sources.

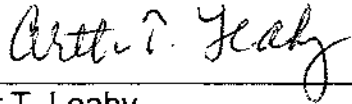
ATTACHMENT

A. Description of SHORE, INTP and RRTP programs.

Prepared by: Armineh Saint, Program Manager, Local Programming (213) 922-2369
Kelly Hines, Director, Local Programming (213) 922-4569



Nalini Ahuja
Executive Officer, Finance and Budget



Arthur T. Leahy
Chief Executive Officer

SUPPORT FOR HOMELESS RE-ENTRY PROGRAM

SHORE began in May 1994 and was developed to aid homeless persons in central Los Angeles, so that they would become self-sufficient through access to such services as schooling, employment, healthcare, and social services.

Shelter Partnership, Incorporated has administered the \$500,000 annual token program with its own operating funds. Currently, due to budget cuts they are requesting \$20,000 in addition to their transportation subsidy to fund the administration of the program.

Annually, more than 7,000 individuals participate in the program. The tokens are distributed through a network of homeless shelters to assist the clients to access health care, mental health, child care, employment and housing to promote stability and self-sufficiency.

Eligible participants are individuals and families participating in case management services at one of the approved social service agencies in Central Los Angeles.

IMMEDIATE NEEDS TRANSPORTATION PROGRAM

This program was established in May 1992 following urban unrest. The Board selected the FAME Assistance Corporation (FAC) to administer and broker the INTP. The Board expanded the program in 1993 to provide service countywide. At that time, the International Institute of Los Angeles (IILA) was selected to broker the program in the northern and eastern half of the county, while FAC continued to broker the southern and western half.

Since 1993, \$5 million annually has been budgeted to the INTP, \$4.3M or 87% is allocated to transportation and \$650,000 or 13% to administration of the program. Each administrator receives \$2.5 million annually, broken down to \$325,000 in administration and \$2.1M in transportation subsidy. Board approved ratio of allocation for transportation subsidy is 65% bus tokens and 35% taxi coupons and vouchers. For past few years, there are more demands on bus tokens than taxi coupons so therefore we request that the ratio be changed to 75% bus tokens and 25% taxi coupons/vouchers.

In total, there are approximately 500 agencies in the INTP network who distribute taxi vouchers and bus tokens to persons with immediate transportation needs and limited transportation resources.

Individuals can apply to any of the participating agencies in their area and once they meet the criteria they will start receiving their subsidy.

There are three types of subsidies;

- Bus Tokens
- Taxi Coupons
- Taxi Vouchers

Annually, more than 28,000 participants receive bus tokens and taxi coupons that are used for trips to medical, shelter, case management, job search/job interview, food and other essential destinations. Taxi coupons and vouchers are utilized to individuals who due to frailty, safety or urgency are unable to use the fixed route service.

RIDER RELIEF TRANSPORTATION PROGRAM

The Board of Directors established the RRTP to help mitigate the impact of the fare adjustment on the low-income and transit dependent riders of Los Angeles County. Three agencies FAC, HSA and JFS were selected to administer the program, which started fare media and subsidy coupon distribution in April 2008. The program had a slow start but by recognizing the barriers, the program was modified.

Jewish Family Service of Los Angeles recused itself from the RRTP program, effective June of 2009, and is no longer involved with the program. Therefore, as of June 2009, FAC has been receiving \$3,000,000 (60%) in transportation subsidy, including 10% or \$300,000 for administration, and HSA receives \$2,000,000 (40%) in transportation subsidy, which includes \$200,000 for administration. The two administrators are working with eligible participants as well as a network of non-profit and governmental agencies to distribute pass subsidy coupons to the RRTP's target population.

As a result of a motion approved by our Board in February 2009, the program was extended to provide subsidy to the eligible riders of the Municipal Operators who have had recent fare adjustment or are likely to raise fares while the program is in place. To date, Long Beach Transit, Santa Monica Big Blue Bus, Torrance Transit, Culver City Bus, Norwalk Transit, Foothill Transit, Antelope Valley Transit, Montebello Transit, Santa Clarita and Los Angeles Department of Transportation have joined the program.

Eligible participants are individuals whose income is below poverty level and who are either Metro or participating Operators' pass holders. The coupons are redeemed at the time of purchase and they are valued at \$10 for a regular pass and \$6 for senior/disabled/student passes. There are currently 55,000 participants in the program

Subsidy coupons are distributed through a network of non-profit agencies to eligible participants. Individuals receiving subsidies from the city/school are not allowed to participate in the program.

LIFE (Low Income Fare is Easy)

LIFE previously referred to as Rider Relief Transportation Program, is a fare subsidy program that assists Los Angeles County's most economically vulnerable citizens by offering discounts towards purchase of a pass or subsidized transportation. The discount coupons may be applied to LACMTA and participating operator passes.

In 2007 the Metro Board of Directors, when they raised the fares, approved \$5 million for RRTP to assist patrons who would be adversely affected by the raise in the fares. The program started its operation in April 2008, and in February 2009, Metro's Board approved the inclusion of the riders of municipal operators who have, or are likely to raise their fares, into the program. Currently, there are a total of 11 operators participating in the LIFE program.

The subsidies currently offered are \$24 for Regular riders, \$13 for College/Vocational riders, \$10 for Student K-12 riders, and \$8 for Senior Disabled riders. The discounts may be applied to Regular TAP cards and Reduced Fare TAP cards.

Immediate Needs Transportation Program (INTP) and its Integration to LIFE

The program started its operation in 1992 following urban unrest. The Board selected FAME Assistance Corporation (FAC) to administer the program and expanded the program in 1993 to provide service countywide and International Institute of Los Angeles (IILA) was selected to co-administer the program. Since then the Board has budgeted \$5 million annually to offer subsidized transit trips and in special circumstances subsidized taxi service to individuals with limited resources who have a qualifying trip purpose and no other resources to meet that transportation need.

The transition of INTP to LIFE started in September of 2018 by training the participating agencies in the use of LIFE database and will culminate once LIFE is integrated to TAP.

Annually, \$14.1M is budgeted for the LIFE program, \$12.9M is set aside for transportation and \$1.15M is allocated to the administrators of the program. The administrators are FAME Assistance Corporation (FAC) and Human Services Association (HSA) and International Institute of Los Angeles (IILA). The subsidies are distributed to eligible participants through a network of 500+ non-profit and governmental agencies.

There are approximately 67,000 participants in the program. Individuals receiving subsidies from the city, school or employer or have an ACCESS card are not eligible to participate in the program.

SUPPORT FOR HOMELESS RE-ENTRY PROGRAM (SHORE)

SHORE began its operation in May 1994 and was developed to aid homeless persons in central Los Angeles, so that they would become self-sufficient through access to such services as training, employment, healthcare, and social services.

Annually, \$520,000 is budgeted for the program, \$500,000 is allocated to transportation subsidy and \$20,000 to administration of the program. Shelter Partnership, Incorporated, administers the program that serves the homeless service providers located in Downtown Los Angeles, South Los Angeles, East Los Angeles and Hollywood.

Annually, more than 7,000 individuals participate in the program. The tokens are distributed through a network of homeless service providers who assist the clients to access health care, mental health, child care, employment and housing to promote stability and self-sufficiency.

ATTACHMENT C

LIFE Participating Transit Operator Reimbursement Policy

The 20 regional ride reimbursement policy below was approved by Bus Operations Subcommittee in September 2018 and will be included in the contracts with the operators.

| Ride Type | LIFE Monthly Discount | Discounted Ride | 5% Commission and Admin Fee | Reimbursement |
|---|-----------------------|-----------------|-----------------------------|---------------|
| Regular | \$ 24.00 | \$ 1.20 | \$ 0.06 | \$ 1.14 |
| College/Vocational | \$ 13.00 | \$ 0.65 | \$ 0.03 | \$ 0.62 |
| Student K-12 | \$ 10.00 | \$ 0.50 | \$ 0.03 | \$ 0.48 |
| Senior | \$ 8.00 | \$ 0.40 | \$ 0.02 | \$ 0.38 |
| Reimbursements will be based on the lower of the cash fare or the reimbursement level above | | | | |

For passes purchased by LIFE participants from any participating operator, the operator will receive the commission based on the full pass value. The reimbursement rate will be lower of the pass value or the discount.

| Pass Type | LIFE Monthly Discount | Commission Rate | Reimbursement |
|--|-----------------------|---|--|
| Regular | \$ 24.00 | Standard commission rate applies based on the full pass value | Based on the lower of pass or the discount |
| College/Vocational | \$ 13.00 | Standard commission rate applies based on the full pass value | Based on the lower of pass or the discount |
| Student K-12 | \$ 10.00 | Standard commission rate applies based on the full pass value | Based on the lower of pass or the discount |
| Senior | \$ 8.00 | Standard commission rate applies based on the full pass value | Based on the lower of pass or the discount |
| Reimbursements will be based on the lower of the value of the product purchased or the discount amount | | | |

| 2019 LIFE Campaign Timeline | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------|---|----|----|----|-----|----|----|----|------|----|----|----|------|---|----|----|--------|---|----|----|-----------|---|---|----|---------|----|---|----|----------|----|---|----|----------|----|---|---|---------|----|----|--|--|--|--|
| | April | | | | | May | | | | June | | | | July | | | | August | | | | September | | | | October | | | | November | | | | December | | | | Jan-Jun | | | | | | |
| | 1 | 8 | 15 | 22 | 29 | 6 | 13 | 20 | 27 | 3 | 10 | 17 | 24 | 1 | 8 | 15 | 22 | 29 | 5 | 12 | 19 | 26 | 2 | 9 | 16 | 23 | 30 | 7 | 14 | 21 | 28 | 4 | 11 | 18 | 25 | 2 | 9 | 16 | 23 | 30 | | | | |
| MATERIALS/EFFORTS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Car Cards - Metro buses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Car Cards - Muni buses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rail Poster | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2-Sheets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Take One - Metro buses, Customer Centers and Admins | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Application | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Posters - Metro buses, Customer Centers and Admins | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Messages on hold | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Web ads on metro.net | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Web page on metro.net | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| East Portal Tower ad | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| East Portal Customer Center ticker | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Source/Pasajero post | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paid digital advertising | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paid digital radio | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Out of home billboards/bulletins | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program flyer | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current participants flyer | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Training of internal Metro partners i.e. Customer Relation, Customer Care | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-profit agency outreach (600 agencies) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| METRO third party vendors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Community Relations outreach | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Muni Operator Outreach | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Analyze use, revise marketing strategy to target underserved areas.

**Board Report**

File #: 2018-0753, **File Type:** Program

Agenda Number: 36.

**REGULAR BOARD MEETING
FEBRUARY 28, 2019**

SUBJECT: PROP A AND PROP C COMMERCIAL PAPER/SHORT-TERM BORROWING PROGRAMS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to renew and/or replace the direct-pay letters of credit ("LOC") and direct purchase revolving credit facility ("RCF") to be provided by the banks described below, finalize negotiations with the recommended banks and enter into reimbursement/credit agreements and related documents associated with such LOCs and RCF;
1. Replace the LOCs currently being provided by Sumitomo Mitsui Banking Corporation ("Sumitomo") and MUFG Union Bank, N.A. ("MUFG"), for the Proposition A commercial paper program with a LOC to be provided by Barclays Bank PLC ("Barclays") for a commitment amount of \$200 million for a 3 year term at an estimated cost of \$13.5 million including interest, legal fees and other related expenses.
 2. Replace the LOC currently being provided by Bank of America ("BANA") of \$75 million for the Proposition C commercial paper program with a revolving credit facility provided by Wells Fargo Bank, N.A. ("Wells Fargo") for an estimated amount of \$150 million (Metro currently has \$75 million outstanding with Wells Fargo) for a 3 year term at an estimated cost of \$9.9 million including interest, legal fees and other related expenses
- B. If unable to reach agreement with one of the recommended banks described above, AUTHORIZE the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having 3 year terms and the estimated costs shown in Attachment A;
- C. ADOPTING a resolution with respect to the Proposition A commercial paper and short-term program that approves the selection of Barclays or such other banks selected by the Chief Executive Officer for the Proposition A commercial paper program, and the forms of the reimbursement agreement, fee agreement and reimbursement note in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment B;

D. ADOPTING a resolution with respect to the Proposition C commercial paper and short-term borrowing program that approves the selection of Wells Fargo or such other banks selected by the Chief Executive Officer for the Proposition C commercial paper program, and the forms of the revolving credit agreement, revolving obligation notes and supplemental subordinate trust agreement in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment C.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

ISSUE

The Proposition A (“Prop A CP”) and Proposition C (“Prop CP”) Commercial Paper/Short-Term Borrowing programs have proven to be flexible, cost effective methods of short-term financing for our capital program. A letter of credit or similar facility is required for CP programs in order to guarantee repayment of notes at maturity. A revolving credit facility provides short-term financing by entering into a direct loan with a bank and bears interest at variable interest rates. Prop A CP LOCs with Sumitomo and Union Bank expire in March 2019. The Prop C CP LOC with Bank of America and the RCF with Wells Fargo expire in April 2019.

BACKGROUND

The purpose of the Commercial Paper (“CP”) programs is to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged. The Prop A CP and Prop C CP programs authorize us to issue and have outstanding at any one time up to \$350 million and \$150 million in commercial paper notes, respectively. A letter of credit is required for the CP programs in order to guarantee repayment of the maturing notes. Commercial paper 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 LOCs provide guaranteed liquidity to investors when their notes mature and are a required component of the program. Additionally, the LOCs provide a safety net to us in the form of a term loan in the unlikely event the notes cannot be remarketed, precluding any requirement that we immediately repay the entire outstanding amount from cash. The securities are backed by a subordinate pledge of 75% of Proposition A sales tax revenues and 80% of Proposition C sales tax revenues for the Prop A and the Prop C programs, respectively. We can issue either tax-exempt or taxable CP under both programs. The borrowing costs under the CP programs have been just under 1.75% over the past year.

The RCF operates in a similar manner as the Prop C CP in that Wells Fargo will provide short-term revolving loans to us directly of up to \$150 million outstanding at any one time. The loans provided under the RCF will bear interest at variable interest rates based on an index of 80% of 1-month LIBOR for tax-exempt loans and 100% of 1-month LIBOR for taxable loans, plus the bank’s applicable fee. The RCF will be backed by a subordinate pledge of 80% of Prop C sales tax revenues. The borrowing costs for the Wells Fargo RCF have been approximately 2.20% over the past year.

DISCUSSION

Requests for proposal were sent to 19 banks by our financial advisor, PFM Financial Advisors LLC (“PFM”). Under our Debt Policy, the financial advisor conducts competitive processes 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 Investor Services, Standard & Poor’s and Fitch ratings, respectively in order to respond. 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 our form of agreement. Overall program objectives include low cost and maximizing access to borrowing capacity achieved through diversification of products and providers. Twelve proposals were received for commitment amounts ranging from \$75 million to \$200 million for both programs. The source selection group was composed of Treasury staff and PFM. Proposals were received from banks that included alternative products or terms that were considered to be less desirable, such as standby purchase agreement. The selection group ranked each proposer and we are recommending Barclays and Wells Fargo, both for 3 year terms.

Costs will also depend on the amount of tax-exempt and taxable debt we issue under the Prop A and Prop C programs. Additional fees and interest could be incurred under certain extreme circumstances. To date, none of our commercial paper notes have ever failed to be remarketed.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding of \$15.6 million for the Proposition A and Proposition C commercial paper programs is included in the FY2019 budget in Cost Center #0521, Treasury Non-Departmental, under project #610306, task 03.01 and project #611309, task 01 for Proposition A and project #610307, task 03.01 for Proposition C. The cost center manager and the Chief Financial Officer will be accountable for budgeting the cost in future years.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

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 to not approve the recommended credit support for the Prop A CP or the Prop C CP programs or could direct a reduction below the current capacity for each program. A reduction of the capacity of the CP programs would reduce our ability to quickly provide low cost, interim financing when needed. A decision to cancel the programs and not replace the letter of credit support would result in the need to refund all of the outstanding short term debt (\$105 million for Prop

A and approximately \$143 million for Prop C) with a higher cost fixed rate financing. These alternatives are not recommended.

NEXT STEPS

- Negotiate final terms and conditions with the recommended banks.
- If satisfactory terms cannot be agreed upon with the recommended banks, negotiate with each of the next highest ranked proposers in order to obtain the best combination of terms and pricing.
- Prepare agreements and documentation to implement the letters of credit and revolving credit facility, 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 banks.
- Execute documents prior to the expiration date of the current agreements in March and April of 2019.

ATTACHMENTS

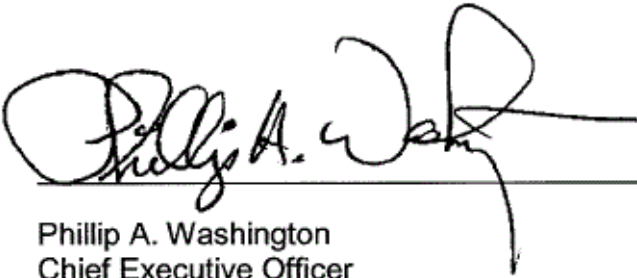
Attachment A - Recommendation Summary

Attachment B - Proposition A Authorizing Resolution

Attachment C - Proposition C Authorizing Resolution

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Phillip A. Washington
Chief Executive Officer

Additional Documents

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Bank_Note.pdf

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Fee_Agreement.pdf

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Reimbursement_Agreement.pdf

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Proposition_C_Fourth_Supplemental_Subordinate_Trust_Agreement.pdf

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Wells_Fargo_Revolving_Credit_Agreement.pdf

http://libraryarchives.metro.net/DB_Attachments/2018-0753_Wells_Fargo_Revolving_Obligation_Notes.pdf

Recommendation Summary

| Proposer / Program | Maximum Commitment | Estimated First Year Cost (including interest based on \$200 million for Prop A and \$150 million for Prop C) | Total Estimated 3 yr. Costs (including interest based on \$200 million for Prop A and \$150 million for Prop C) |
|----------------------------------|---------------------------|--|--|
| Prop A Program | | | |
| Letter of Credit | | | |
| Barclays | \$200,000,000 | \$4,517,000 | \$13,451,000 |
| <i>Wells Fargo⁽¹⁾</i> | <i>\$200,000,000</i> | <i>\$4,514,000</i> | <i>\$13,452,000</i> |
| Bank of America | \$200,000,000 | \$4,526,000 | \$13,489,000 |
| MUFG | \$75,000,000 | \$4,682,000 | \$13,956,000 |
| SMBC ⁽²⁾ | \$200,000,000 | \$4,812,000 | \$14,336,000 |
| Citi | \$200,000,000 | \$4,842,000 | \$14,416,000 |
| CP Alternatives | | | |
| State Street | \$150,000,000 | \$3,459,000 | \$10,288,000 |
| US Bank | \$200,000,000 | \$4,706,000 | \$11,698,000 |
| <i>Wells Fargo⁽¹⁾</i> | <i>\$200,000,000</i> | <i>\$4,454,000</i> | <i>\$13,272,000</i> |
| JP Morgan ⁽³⁾ | \$200,000,000 | \$5,357,000 | \$15,981,000 |
| Prop C Program | | | |
| Letter of Credit | | | |
| BMO Harris | \$150,000,000 | \$3,289,000 | \$9,777,000 |
| Bank of the West | \$75,000,000 | \$3,378,000 | \$10,044,000 |
| <i>Wells Fargo⁽¹⁾</i> | <i>\$150,000,000</i> | <i>\$3,399,000</i> | <i>\$10,106,000</i> |
| SMBC | \$150,000,000 | \$3,409,000 | \$10,127,000 |
| Barclays | \$150,000,000 | \$3,409,000 | \$10,127,000 |
| Bank of America | \$150,000,000 | \$3,413,000 | \$10,150,000 |
| Citi | \$150,000,000 | \$3,654,000 | \$10,852,000 |
| CP Alternatives | | | |
| Wells Fargo⁽¹⁾ | \$150,000,000 | \$3,352,000 | \$9,965,000 |
| Bank of the West | \$75,000,000 | \$3,389,000 | \$10,078,000 |
| State Street | \$150,000,000 | \$3,459,000 | \$10,288,000 |
| US Bank | \$150,000,000 | \$3,542,000 | \$10,535,000 |
| JP Morgan ⁽³⁾ | \$150,000,000 | \$4,029,000 | \$11,997,000 |

Notes

Targeted firms are shown in bold.

⁽¹⁾ Wells Fargo offered a total commitment of \$200 million for Prop A and/or Prop C programs. The Revolving Credit facility gives access to the total \$150 million capacity versus the \$137 million available with the BMO Harris LOC.

⁽²⁾ SMBC cost reflects an increase in fee of 15 basis points for Metro to retain flexibility to issue Prop A second tier obligations.

⁽³⁾ JP Morgan provided indicative pricing only for the programs which did not comply with the request made in the RFP.

All Costs are based on the respective Maximum commitment amounts listed. Some firms provided less than the amount listed. For comparison purposes Metro staff increased the commitment amounts so that an accurate comparison could be made. First year costs include legal fees, which are not required in years two and three.

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 bonds, including but not limited to notes, to finance and refinance the acquisition, construction or rehabilitation 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 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 secured 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 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, a portion of the Notes is currently secured by a Letter of Credit (the “Sumitomo Mitsui Letter of Credit”) provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“Sumitomo Mitsui”), in the stated amount of \$124,999,176, which expires on March 7, 2019; and

WHEREAS, Sumitomo Mitsui issued the Sumitomo Mitsui Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Sumitomo Mitsui; and

WHEREAS, an additional portion of the Notes is currently secured by a Letter of Credit (the “Union Bank Letter of Credit”) provided by MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.) (“Union Bank”) in the stated amount of \$74,999,724 which expires on March 7, 2019; and

WHEREAS, Union Bank issued the Union Bank Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Union Bank; and

WHEREAS, the LACMTA now desires to (a) replace the Sumitomo Letter of Credit and the Union Bank Letter of Credit with a Letter of Credit (the “Barclays Letter of Credit”) to be provided by Barclays Bank PLC (“Barclays”) in the stated amount of \$200,000,000, or (b) renew the Sumitomo Letter of Credit amount and/or the Union Bank Letter of Credit, and/or (c) replace the Sumitomo Mitsui Letter of Credit (at the stated amount of \$124,999,176) and/or the Union Bank Letter of Credit (at the stated amount of \$74,999,724) with one or more new Letters of Credit to be issued by such other Letter of Credit Provider or one or more Bank Products or Alternative Products to be provided by such financial institutions 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 November 6, 2018 (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, 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 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 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 Barclays, Sumitomo Mitsui, Union Bank 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 Bank Products or Alternative Products pursuant to the Bank RFP; and

WHEREAS, Barclays, Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider will provide credit support for \$183,693,000 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 Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the "Board"):

(a) a Letter of Credit Reimbursement Agreement (the "Barclays Reimbursement Agreement"), that will be entered into by the LACMTA and Barclays in connection with the issuance of the Barclays Letter of Credit;

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

(c) a Reimbursement Note (the "Barclays Reimbursement Note" and collectively, with the Barclays Reimbursement Agreement and the Barclays Fee Agreement, the "Documents"), that will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the Barclays Reimbursement Agreement and the Barclays Fee 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 Program and the Notes and the results of negotiation with Barclays (or Sumitomo, Union Bank 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 Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit or replace such Letters of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s) other than Barclays, 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 with the Other Letter of Credit Provider(s), and (c) execute and deliver one or more reimbursement notes relating to such Reimbursement Agreement or Agreements; 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 Barclays and/or Sumitomo Mitsui and/or Union Bank 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

\$200,000,000) 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, 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 Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the 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 Sumitomo Mitsui Letter of Credit and/or the Union Bank 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 Barclays, 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 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 a Bank Product or Alternate Product 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 Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the 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 Sumitomo Mitsui, Union Bank 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 Sumitomo Mitsui, Union Bank 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. 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 Barclays 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. 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 4. 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 5. Effective Date. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2019.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2019

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 Trust Agreement”), by and between the LACMTA and U.S. Bank 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”), and the Third Supplemental Subordinate Trust Agreement, dated as of March 1, 2016 (the “Third Supplemental Subordinate Trust Agreement” and together with the Subordinate Trust Agreement, the First Supplemental Subordinate Trust Agreement and the Second Supplemental Subordinate Trust Agreement, the “Existing 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 secured 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, the CP Notes are currently secured by a Letter of Credit (the “Bank of America Letter of Credit”) provided by Bank of America, N.A. (“Bank of America”) in the stated amount of \$74,999,724, which expires on April 5, 2019; and

WHEREAS, the LACMTA now desires to replace the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) with

Subordinate Revolving Obligations (as defined below) provided by a Line of Credit Provider (as defined below) 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 November 6, 2018; 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 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 the CP Notes 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 CP Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in addition to the CP Notes, pursuant to the terms of the Subordinate Trust Agreement and the Second Supplemental 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 Wells Fargo Bank, National Association ("Wells Fargo") pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 1, 2016, by and between the LACMTA and Wells Fargo, which is scheduled to expire on March 28, 2019; and

WHEREAS, the LACMTA now desires to replace (a) the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) and/or (b) the Existing Revolving Line of Credit with either (i) a replacement Revolving Line of Credit with Wells Fargo or (ii) 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 (each, an "Other Line of Credit Provider"); and

WHEREAS, the replacement Revolving Line of Credit (the "Replacement Revolving Line of Credit") will be provided to the LACMTA by Wells Fargo or 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 Wells Fargo 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, 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, the Second Supplemental Subordinate Trust Agreement (as amended, including as amended by the Fourth Supplemental Subordinate Trust Agreement, as defined below) 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 the Second Supplemental 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 Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”) with respect to the Replacement Revolving Line of Credit:

(a) a Fourth Supplemental Subordinate Trust Agreement (the “Fourth Supplemental Subordinate Trust Agreement”) by and between the LACMTA and the Trustee, which among other things, amends the Second Supplemental Subordinate Trust Agreement;

(b) a Second Amended and Restated Credit Agreement (the “Wells Fargo Credit Agreement”), to be entered into by the LACMTA and Wells Fargo, in connection with the Replacement Revolving Line of Credit; and

(c) a Tax-Exempt Note and a Taxable Note (the “Wells Fargo Revolving Obligation Notes,” and together with the Wells Fargo Credit Agreement, the “Revolving Obligations Documents”), that will be executed and delivered by the LACMTA to evidence its payment and reimbursement obligations under the Wells Fargo 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 Subordinate Revolving Obligations and the Replacement Revolving Line of Credit; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace (a) the Bank of America Letter of Credit and/or (b) the Existing Revolving Line of Credit with a Letter of Credit to be issued by an Other Letter of Credit Provider, the LACMTA will (i) enter into a Reimbursement Agreement with the Other Letter of Credit Provider, (ii) enter into a fee agreement with the Other 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 (a) the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) and/or (b) the Existing Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of Wells Fargo, 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, the First Supplemental Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and the Fourth Supplemental 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 Replacement Revolving Line(s) of Credit to be provided by Wells Fargo or such Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements (including the Wells Fargo 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, the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and Fourth Supplemental Subordinate Trust Agreement. Wells Fargo's or such Other Line of Credit Provider's commitment 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 Wells Fargo 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 Wells Fargo 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 Wells Fargo or such Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and pay all Obligations owed to Wells Fargo 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, the Second Supplemental Subordinate Trust Agreement, each Credit Agreement and the Wells Fargo Revolving Obligation Notes and the Alternate Revolving Obligation Notes (as hereinafter defined, and together with the Wells Fargo 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 Representative (as hereinafter defined) authorizing the same.

The terms of each Advance shall, consistent with this Resolution and the Second Supplemental Subordinate Trust Agreement, be set forth in a Request for Advance and Revolving Loan (as described in the applicable Credit Agreement) delivered to Wells Fargo or such Other Line of Credit Provider, as applicable, by a Designated Representative.

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, the Second Supplemental 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 and the Second Supplemental 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 Wells Fargo, 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 Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations 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, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents, including counterparts thereof, in the name and on behalf of the LACMTA. The Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents, as executed and delivered, shall be generally in the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Fourth Supplemental Subordinate Trust Agreement and 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 Fourth Supplemental 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 Wells Fargo Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of renewing the Wells Fargo Revolving Line of Credit, 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 Wells Fargo Amended and Restated Credit Agreement (an “Alternate Credit Agreement”) now on file with the Secretary 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 Wells Fargo 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 Secretary 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 Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Revolving Obligations Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the 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 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 Representatives – Subordinate Revolving Obligations.

The Board hereby appoints the Chair of the LACMTA, any Vice Chair of the LACMTA, the CEO of the LACMTA, 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 Representatives” of the LACMTA under the terms of this Resolution, the Second Supplemental Subordinate Trust Agreement and each Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Subordinate Trust Agreement, the Second Supplemental 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 Representatives 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, the Second Supplemental 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 Representatives 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, the Second Supplemental 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 Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, as an Authorized Authority Representative for all purposes under the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and 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 Fourth Supplemental Subordinate Trust Agreement, the Revolving Obligations Documents or the Alternate Revolving Obligations Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative 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 Existing Subordinate Trust Agreement, the Fourth Supplemental 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 LACMTA staff to pay costs of issuance of implementing and obtaining the Revolving Lines of Credit and fees and costs of Wells Fargo 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 Existing 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 Second Supplemental 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. 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 10. Approval of Alternate CP Documents. If a Designated Officer determines that it is in the LACMTA's best interests to replace (a) the Bank of America Letter of Credit and/or (b) the Existing Revolving Line of Credit with a Letter of Credit to be issued by an Other Letter of Credit Provider, the Designated Officers are hereby authorized to (i) enter into a Reimbursement Agreement with the Other Letter of Credit Provider (an "Alternate Reimbursement Agreement"), (ii) enter into a fee agreement with the Other 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 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 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 Other 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 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 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 Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2019.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2019