

**NEW ISSUE-BOOK-ENTRY-ONLY**

[Insert DAC Bond Logo]

**RATINGS:** [Moody’s]: “[ ]”  
 [S&P]: “[ ]”  
 (See “RATINGS” herein)

*In the opinion of Kutak Rock LLP, Bond Counsel to LACMTA, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that for taxable years beginning before January 1, 2018, interest on the Series 2019 Bonds will be included in a corporate taxpayer’s adjusted current earnings for purposes of computing its federal alternative minimum tax. Bond Counsel notes that no federal alternative minimum tax applies to corporations for taxable years beginning on and after January 1, 2018. Bond Counsel is further of the opinion that interest on the Series 2019 Bonds is exempt from present State of California personal income taxes. For a more complete description, see “TAX MATTERS” herein.*

[LACMTA Logo]	\$[ ]* <b>LOS ANGELES COUNTY METROPOLITAN                  TRANSPORTATION AUTHORITY</b>	[Add Climate Bond Logo]
	\$[ ]* <b>Proposition C Sales Tax Revenue Bonds                  Senior Bonds,                  Series 2019-A (Green Bonds)</b>	\$[ ]* <b>Proposition C Sales Tax Revenue Bonds                  Senior Bonds,                  Series 2019-B</b>

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is issuing its Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds) (the “Series 2019-A Green Bonds”) and its Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B (the “Series 2019-B Bonds”). The Series 2019-A Green Bonds and the Series 2019-B Bonds are collectively referred to herein as the “Series 2019 Bonds.” The Series 2019 Bonds are being issued pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended (the “Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee (the “Trustee”), and the Twenty-Ninth Supplemental Trust Agreement, to be dated as of [January] 1, 2019 (the “Twenty-Ninth Supplemental Agreement,” and together with the Trust Agreement, the “Agreement”), by and between LACMTA and the Trustee. The Series 2019 Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of the “Pledged Revenues” and by other amounts held by the Trustee under the Agreement. “Pledged Revenues” are receipts from the Proposition C Sales Tax, less amounts described in this Official Statement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” and “PROPOSITION C SALES TAX AND COLLECTIONS” herein. LACMTA will use the proceeds of the Series 2019 Bonds and other available funds to (a) finance or refinance (through the repayment of Proposition C Commercial Paper Notes and Proposition C Revolving Obligations), or reimburse LACMTA for, the development and construction of certain projects of the rail, bus and highway transit system, including, with the proceeds of the Series 2019-A Green Bonds, projects that have been identified as environmentally beneficial, as further described herein, and (b) pay the costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2019 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2019 Bonds. Individual purchases and sales of the Series 2019 Bonds may be made in book-entry form only. See “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.” The Series 2019 Bonds will mature in the principal amounts and will bear interest at the rates set forth on the inside front cover. LACMTA will pay interest on the Series 2019 Bonds on January 1 and July 1, commencing on July 1, 2019.

Certain of the Series 2019 Bonds are subject to redemption prior to maturity as described in this Official Statement. \* See “DESCRIPTION OF THE SERIES 2019 BONDS – Redemption.”

**Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or public agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2019 Bonds. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2019 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2019 Bonds.**

**Purchasers of the Series 2019 Bonds will be deemed to have consented to certain amendments to the Trust Agreement. See “INTRODUCTION—Proposed Amendments to Trust Agreement” herein. The amendments are expected to become effective on the date of issuance of the Series 2019 Bonds.**

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of, or the security for, the Series 2019 Bonds. Investors are advised to read this Official Statement in its entirety to

\* Preliminary, subject to change.  
 4847-5730-8020.5

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

LACMTA is offering the Series 2019 Bonds when, as and if it issues the Series 2019 Bonds. The issuance of the Series 2019 Bonds is subject to the approval as to their validity by Kutak Rock LLP, Bond Counsel to LACMTA. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA. Certain legal matters will be passed on for the Underwriters by their counsel, [\_\_\_\_\_]. LACMTA anticipates that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about February [\_\_\_], 2019.\*

**Siebert Cisneros Shank & Co., L.L.C.**  
**(Joint Book-Running Senior Manager)**

**BofA Merrill Lynch**  
**(Co-Senior Manager)**

**Drexel Hamilton, LLC**  
**(Co-Manager)**

**Citigroup**  
**(Joint Book-Running Senior Manager)**

**Morgan Stanley**  
**(Co-Senior Manager)**

**Ramirez & Co., Inc.**  
**(Co-Manager)**

Date of Official Statement: January \_\_, 2019

**MATURITY SCHEDULE**

\$[\_\_\_\_\_]\*  
**Los Angeles County Metropolitan Transportation Authority  
Proposition C Sales Tax Revenue Bonds  
Senior Bonds, Series 2019-A (Green Bonds)**

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Nos.<sup>†</sup></u>
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[\$\_\_\_\_\_ – \_\_\_\_\_% Series 2019-A Senior Term Bonds due July 1, 20\_\_ – Yield \_\_\_\_\_% –  
CUSIP<sup>†</sup> No. \_\_\_\_\_]

\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with LACMTA and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2019 Bonds. Neither LACMTA nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers provided herein.

\$[\_\_\_\_\_] \*  
**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Sales Tax Revenue Bonds**  
**Senior Bonds, Series 2019-B**

<b>Maturity Date (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP Nos. †</b>
---------------------------------------	-----------------------------	--------------------------	--------------	--------------	---------------------

[\$\_\_\_\_\_ – \_\_\_\_\_% Series 2019-B Senior Term Bonds due July 1, 20\_\_ – Yield \_\_\_\_\_% –  
 CUSIP † No. \_\_\_\_\_]

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with LACMTA and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2019 Bonds. Neither LACMTA nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers provided herein.

**[INSERT MAP OF LACMTA SYSTEM – [USE REVISED MAP]**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

**Board Members**

Sheila Kuehl, Chair  
James T. Butts, Jr., First Vice-Chair  
Eric Garcetti, Second Vice-Chair  
Kathryn Barger  
Mike Bonin  
Jacquelyn Dupont-Walker  
John Fasana  
Robert Garcia  
Janice Hahn  
Paul Krekorian  
Ara J. Najarian  
Mark Ridley-Thomas  
Hilda L. Solis  
John Bulinski, Ex-Officio Member

**LACMTA Officers**

Phillip A. Washington, Chief Executive Officer  
Nalini Ahuja, Chief Financial Officer  
Donna R. Mills, Treasurer

**LACMTA General Counsel**

Office of the County Counsel  
Los Angeles, California

**MUNICIPAL ADVISOR**

Public Resources Advisory Group  
Los Angeles, California

**BOND COUNSEL**

Kutak Rock LLP

**DISCLOSURE COUNSEL**

Nixon Peabody LLP

**TRUSTEE**

U.S. Bank National Association  
Los Angeles, California

**VERIFIER WITH RESPECT TO CLIMATE BOND CERTIFICATION**

First Environment, Inc.  
Boonton, New Jersey

LACMTA has not authorized any dealer, broker, salesperson or other person to give any information or to make any representation in connection with the offer or sale of the Series 2019 Bonds other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds, by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not a contract with the purchasers or owners of the Series 2019 Bonds. Statements contained in this Official Statement which involve estimates, projections or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of facts.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion in this Official Statement are subject to change without notice, and the delivery of this Official Statement and any sale made pursuant to this Official Statement do not, under any circumstances, imply that the information and expressions of opinion in this Official Statement and other information regarding LACMTA have not changed since the date hereof. LACMTA is circulating this Official Statement in connection with the sale of the Series 2019 Bonds and this Official Statement may not be reproduced or used, in whole or in part, for any other purpose.

In making an investment decision, investors must rely on their own examination of the terms of the offering and the security and sources of payment of the Series 2019 Bonds, including the merits and risks involved. The Series 2019 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Neither the U.S. Securities and Exchange Commission nor any other federal, state or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2019 Bonds or the accuracy or completeness of this Official Statement. The Series 2019 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

This Official Statement contains statements relating to future results that are “forward looking statements.” When used in this Official Statement, the words “estimate,” “forecast,” “projection,” “intend,” “expect” and similar expressions identify forward looking statements. Any forward looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward looking statements. Some assumptions used to develop forward looking statements inevitably will not be realized, and unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results; those differences could be material.

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**OFFICIAL STATEMENT**

\$[\_\_\_\_\_]\*  
**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

\$[_____]* <b>Proposition C Sales Tax Revenue Bonds Senior Bonds, Series 2019-A (Green Bonds)</b>	\$[_____]* <b>Proposition C Sales Tax Revenue Bonds Senior Bonds, Series 2019-B</b>
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**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices hereto, sets forth information in connection with the offering by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) of \$[\_\_\_\_\_]\* aggregate principal amount of its Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds) (the “Series 2019-A Green Bonds”) and \$[\_\_\_\_\_]\* aggregate principal amount of its Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B (the “Series 2019-B Bonds”). The Series 2019-A Green Bonds and the Series 2019-B Bonds are collectively referred to herein as the “Series 2019 Bonds.” This Introduction is qualified by the more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. Prospective investors should review this entire Official Statement, including the cover page and appendices, before they make an investment decision to purchase the Series 2019 Bonds. LACMTA is only offering the Series 2019 Bonds to potential investors by means of this entire Official Statement. Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

**LACMTA**

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 6, 1990, the voters of the County approved the “Proposition C Sales Tax.” The Proposition C Sales Tax is a one-half of 1 percent sales tax and is not limited in duration. For more information regarding the Proposition C Sales Tax, see “PROPOSITION C SALES TAX AND COLLECTIONS—The Proposition C Sales Tax.”

For further discussion of LACMTA, its other sources of revenues, the services it provides and the projects it is undertaking, see “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY.” The information provided in Appendix A is intended as general information only. The Series 2019 Bonds are limited obligations of LACMTA payable from Pledged

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\* Preliminary, subject to change.

Revenues, which consist primarily of proceeds of the Proposition C Sales Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS. For certain economic and demographic data about the County, see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

### **Purpose of the Series 2019 Bonds**

LACMTA will use the proceeds of the Series 2019 Bonds, together with other available funds, to (a) finance or refinance (through the repayment of Proposition C Commercial Paper Notes and Proposition C Revolving Obligations), or reimburse LACMTA for, the development and construction of certain projects of the rail, bus and highway transit system, including, with the proceeds of the Series 2019-A Green Bonds, projects that have been identified as environmentally beneficial, as further described herein, and (b) pay the costs of issuance of the Series 2019 Bonds. For a more detailed description of LACMTA’s proposed use of proceeds from the issuance of the Series 2019 Bonds, see “PLAN OF FINANCE AND APPLICATION OF THE SERIES 2019 BOND PROCEEDS.”

### **Description of the Series 2019 Bonds**

The Series 2019 Bonds are limited obligations of LACMTA to be issued pursuant to, and secured under, the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended (the “Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee (the “Trustee”). In connection with the issuance of the Series 2019 Bonds, LACMTA will enter into the Twenty-Ninth Supplemental Trust Agreement, to be dated as of [January] 1, 2019 (the “Twenty-Ninth Supplemental Agreement”), by and between LACMTA and the Trustee, to provide for the terms of the Series 2019 Bonds and related matters. The Trust Agreement, as supplemented by the Twenty-Ninth Supplemental Agreement, is referred to in this Official Statement as the “Agreement.”

The Series 2019 Bonds will be issued in registered form, in denominations of \$5,000 or any integral multiple thereof. The Series 2019 Bonds will be dated their initial date of delivery and will mature on the dates and in the principal amounts and will bear interest at the rates per annum as shown on the inside cover page hereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2019 Bonds will be delivered in book-entry-only form and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2019 Bonds. See “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.”

### **Security and Sources of Payment for the Series 2019 Bonds**

The Series 2019 Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of “Pledged Revenues,” which are moneys collected as a result of the imposition of the Proposition C Sales Tax (the imposition of which is not limited in duration), less 20% thereof which is allocated to local jurisdictions for public transit, paratransit and related services (the “Local Allocation”), and less an administrative fee paid to the California Department of Tax and Fee Administration (formerly the California State Board of Equalization) (“CDTFA”) in connection with the collection and disbursement of the Proposition C Sales Tax (the “Pledged Tax”), plus interest, profits and other income received from the investment of such amounts held by the Trustee (other than amounts in the Rebate Fund). In addition, the Series 2019 Bonds are secured by all other amounts held by the Trustee under the Agreement except for amounts held in the Rebate Fund and the Redemption Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” and “PROPOSITION C SALES TAX AND COLLECTIONS.”

## **Proposition C Sales Tax Obligations**

Under the Agreement, LACMTA may issue two tiers of obligations secured by a pledge of the Pledged Revenues. LACMTA may issue Senior Bonds and incur debt and other obligations payable on a parity with Senior Bonds (“Senior Parity Debt,” described in greater detail in APPENDIX D), which are secured by a senior lien on the Pledged Revenues. The Series 2019 Bonds are Senior Bonds and are payable on a parity with all other Senior Bonds and any Senior Parity Debt. LACMTA also may issue Subordinate Lien Obligations, which are secured by a subordinate lien on the Pledged Revenues and are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Proposition C Sales Tax Obligations.”

As of January 1, 2019, LACMTA had Senior Bonds outstanding in the aggregate principal amount of \$1,326,345,000. See “PROPOSITION C SALES TAX OBLIGATIONS.” LACMTA presently does not have any Senior Parity Debt outstanding.

LACMTA may issue additional Senior Bonds and incur additional Senior Parity Debt upon the satisfaction of certain additional bonds tests contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Proposition C Sales Tax Obligations.” The Short Range Financial Forecast (as defined under “FUTURE TRANSPORTATION IMPROVEMENTS – Capital Planning” in APPENDIX A) assumes the issuance of approximately \$729 million in additional Senior Bonds from Fiscal Year 2020 through Fiscal Year 2024. For further discussion of the Short Range Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

LACMTA has covenanted in the Trust Agreement not to issue or incur any obligations with a pledge of or lien on Pledged Revenues prior or superior to that of the Senior Bonds (including the Series 2019 Bonds) and any Senior Parity Debt.

In addition, LACMTA has issued Subordinate Lien Obligations which are secured by a pledge of Pledged Revenues that is junior and subordinate to the Senior Bonds (including the Series 2019 Bonds) and Senior Parity Debt as to the lien on and source and security for payment from the Pledged Revenues. LACMTA may issue additional Subordinate Lien Obligations upon the satisfaction of certain conditions. See “PROPOSITION C SALES TAX OBLIGATIONS—Subordinate Lien Obligations.” In addition, LACMTA has incurred other obligations which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “PROPOSITION C SALES TAX OBLIGATIONS—Other Obligations.”

## **The Series 2019 Bonds Are Limited Obligations of LACMTA Only**

Neither the faith and credit nor the taxing power of the County, the State of California (the “State”) or any political subdivision or public agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2019 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2019 Bonds.

The Series 2019 Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from a first lien on and pledge of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2019 Bonds.

## **No Reserve Fund**

Historically, the Senior Bonds were supported by a reserve fund established by the Agreement (the “Reserve Fund”). However, the Series 2019 will **not** be secured by the Reserve Fund or other debt service reserve fund. See “—Proposed Amendments to Trust Agreement” and “APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT.”

## **Proposed Amendments to Trust Agreement**

The Twenty-Sixth Supplemental Agreement, dated as of June 1, 2016 (the “Twenty-Sixth Supplemental Agreement,”), by and between LACMTA and the Trustee, included certain amendments that will be made to the Trust Agreement (the “Proposed Amendments”), which are described in Appendix E hereto. The Proposed Amendments will not become effective until such time as the Bondholders of not less than 60% in aggregate principal amount of the Senior Bonds then Outstanding have consented to such Proposed Amendments and all other consents required under the Agreement, including those of providers of municipal bond insurance policies with respect to the Senior Bonds, and the opinion of bond counsel required by the Agreement have been obtained. Further, LACMTA does not intend to make the amendments effective until any other required consents have been obtained. *By the purchase and acceptance of the Series 2019 Bonds, the Bondholders and Beneficial Owners of the Series 2019 Bonds will be deemed to have consented to the Proposed Amendments. It is anticipated that the Proposed Amendments will be effective upon issuance of the Series 2019 Bonds.*

The Proposed Amendments include, among other amendments, changes to the requirement under the Trust Agreement that the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A (the “Series 2016-A Bonds”) and Senior Bonds issued after the Series 2016-A Bonds, including the Series 2019 Bonds, the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “2018-A Bonds”) and the Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A (the “2017-A Bonds”), participate in and be secured by the Reserve Fund. The Proposed Amendments will allow the Series 2016-A Bonds and Senior Bonds issued after the Series 2016-A Bonds, including the Series 2019 Bonds, to either (i) participate in and be secured by the Reserve Fund, (ii) participate in and be secured by a separate debt service reserve fund, or (iii) not participate in or be secured by the Reserve Fund or any other debt service reserve fund. See “APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT.”

The Series 2019 Bonds will not be secured by any debt service reserve fund. LACMTA currently expects that upon or shortly after the issuance of the Series 2019 Bonds, it will elect that the Series 2018-A Bonds, the Series 2017-A Bonds and the Series 2016-A Bonds will no longer participate in or be secured by the Reserve Fund or any other debt service reserve fund. At the time such Bonds are no longer secured by the Reserve Fund, LACMTA expects that the reserve requirement will be reduced and a portion of the moneys on deposit in the Reserve Fund will be released, at which time such moneys may be applied by LACMTA for any lawful purpose consistent with the tax covenants contained in the Agreement.

## **Continuing Disclosure**

In connection with the issuance of the Series 2019 Bonds, for purposes of assisting the Underwriters identified on the cover of this Official Statement in complying with Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended, LACMTA will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), certain annual financial information and operating data relating to LACMTA and notice of

certain enumerated events. See “CONTINUING DISCLOSURE” and “APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

### **Additional Information**

Brief descriptions of the Series 2019 Bonds, the Agreement and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances, create any implication that there has been no change in the affairs of LACMTA since the date hereof. This Official Statement is not to be construed as a contract or agreement between LACMTA and the purchasers or Owners of any of the Series 2019 Bonds. LACMTA maintains a website, an investor relations page through a third-party, and social media accounts, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2019 Bonds.

Copies of the Agreement may be obtained from LACMTA at One Gateway Plaza, 21st Floor, Treasury Department, Los Angeles, California 90012, or by emailing TreasuryDept@metro.net, or by calling (213) 922-2554.

## **PLAN OF FINANCE AND APPLICATION OF THE SERIES 2019 BOND PROCEEDS**

### **Use of Proceeds; Plan of Finance**

**Series 2019-A Green Bonds.** LACMTA will use the proceeds of the Series 2019-A Green Bonds to (a) finance or refinance (through the repayment of approximately \$100 million in aggregate principal amount of Proposition C Commercial Paper Notes and the repayment of approximately \$30 million in aggregate principal amount of Proposition C Revolving Obligations), or reimburse LACMTA for, the development and construction of certain projects of the rail transit system, including projects that have been identified as environmentally beneficial as further described herein, and (b) pay the costs of issuance of the Series 2019-A Green Bonds.

The projects expected to be financed or refinanced with the proceeds of the Series 2019-A Green Bonds consist of improvements to the rail transit system, including (a) the Crenshaw/LAX Transit Project improvements, such as, the connections between the existing Metro Green Line and Exposition Line corridors, (b) the Metro Blue Line track and system refurbishments, (c) improvements to the Rosa Park/Willowbrook station, (d) the Gold Line Eastside Extension (One Alignment), and (e) other rail facilities improvements. LACMTA may ultimately apply the proceeds of the Series 2019-A Green Bonds to additional or other projects that are eligible for Climate Bond Certification. See “CLIMATE BOND CERTIFICATION OF THE SERIES 2019-A GREEN BONDS.”

**Series 2019-B Bonds.** LACMTA will use the proceeds of the Series 2019-B Bonds to (a) finance, or reimburse itself for, the development and construction of certain projects of the bus and highway transit system, and (b) pay the costs of issuance of the Series 2019-B Bonds.

The projects expected to be financed with the proceeds of the Series 2019-B Bonds consist of (a) the retrofit of live video monitors on the NABI 8000 and 9000 vehicles; (b) air quality analysis, compliance and legislative programs, (c) Regional Surface Transportation Improvements and capital improvement projects on regionally significant arterial highways which improve traffic flow and reduce

congestion, including the I-405 car pool lane, (d) signal synchronization and bus speed improvements, and (e) other Proposition C eligible capital expenditures. LACMTA may ultimately apply the proceeds of the Series 2019-B Bonds to additional or other projects.

### Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2019 Bonds.

<b>Sources</b>	<b>Series 2019-A</b>	<b>Series 2019-B</b>	<b>Total</b>
Principal Amount	\$	\$	\$
Original Issue Discount/Bond Premium			
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Uses</b>			
Deposit to Construction Fund	\$	\$	
Repayment of Proposition C Commercial Paper Notes			
Repayment of Proposition C Revolving Obligations			
Costs of Issuance <sup>1</sup>			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

<sup>1</sup> Includes underwriters' discount, legal fees, rating agency fees, municipal advisor fees, printer costs and other costs of issuance.

### CLIMATE BOND CERTIFICATION OF THE SERIES 2019-A GREEN BONDS

*[The information set forth under this caption "Climate Bond Certification of the Series 2019-A Green Bonds" concerning (1) the Climate Bonds Initiative (the "Climate Bonds Initiative") and the process for obtaining Climate Bond Certification (the "Climate Bond Certification"), and (2) First Environment, Inc. ("First Environment") in its role as a verifier with respect to the Climate Bond Certification, all as more fully described below, has been extracted from materials provided by the Climate Bonds Initiative and First Environment, respectively, for such purposes, and none of such information is guaranteed as to accuracy or completeness or is to be construed as a representation by LACMTA or the Underwriters. Additional information relating to the Climate Bonds Initiative, the Climate Bonds Standard, the Certification Process (defined herein) and the process for obtaining Climate Bond Certification can be found at [www.climatebonds.net](http://www.climatebonds.net). This website is included for reference only and the information contained therein is not incorporated by reference in this Official Statement.]*

*The terms "Climate Bond Certified" and "green bonds" are neither defined in, nor related to the Agreement, and their use herein is for identification purposes only and is not intended to provide or imply that a holder of the Series 2019-A Green Bonds is entitled to any additional security other than as provided in the Agreement. LACMTA has no continuing legal obligation to maintain the Climate Bond Certification of the Series 2019-A Green Bonds.*

LACMTA has requested and the Climate Bonds Standard Board has approved the labeling of the Series 2019-A Green Bonds as "Climate Bond Certified." The certification of the Series 2019-A Green Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Series 2019-A Green Bonds or any projects financed with the proceeds of the Series 2019-A Green Bonds (referred to in this section as the "Nominated Projects"), including but not

limited to this Official Statement, the transaction documents, LACMTA or the management of LACMTA.

The certification of the Series 2019-A Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of the LACMTA and is not a recommendation to any person to purchase, hold or sell the Series 2019-A Green Bonds and such certification does not address the market price or suitability of the Series 2019-A Green Bonds for a particular investor. The certification also does not address the merits of the decision by LACMTA or any third party to participate in any Nominated Project and does not express and should not be deemed to be an expression of an opinion as to LACMTA or any aspect of any Nominated Project (including but not limited to the financial viability of any Nominated Project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Nominated Project or LACMTA. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Nominated Project. The certification may only be used with the Series 2019-A Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Series 2019-A Green Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn. **[Discuss the conditions by which the certification can be withdrawn]**

## **Introduction**

LACMTA has long been committed to a variety of environmental goals, including reducing greenhouse gas emissions in its facilities, operations and construction activities within its service area, as well as the impacts of any ancillary activities on human health and the environment. Rail transit systems already form a sustainable air quality strategy by reducing vehicle miles travelled and congestion and promoting land use co-benefits as a result of transit investments which leads to a reduction in criteria air pollutants and greenhouse gas emissions. These in turn create environmental, social, and economic benefits throughout the region LACMTA serves.

LACMTA has adopted several plans and policies to formalize its environmental sustainability goals and guide implementation of its programs. For example, it first adopted a Sustainability Implementation Plan addressing Sustainability through Climate Change Management, Energy Management, and other Sustainability Development Efforts in 2008. This Plan has been expanded through a number of implementation and policy documents related to climate change, energy, water and resource management, and similar disciplines. Beginning in 2009, LACMTA has produced an annual sustainability report to summarize the agency's continual efforts in achieving higher sustainability performance through the implementation of planning, construction, operations, and maintenance activities. This report addresses environmental performance in five key areas: ridership, energy,



emissions, water, and waste management. This report and related materials can be found on the LACMTA's website at <https://www.metro.net/projects/ecsd/>, which is not incorporated by reference.

LACMTA'S Framework for Green Bonds dated [September 21, 2017] contains the environmental objectives of the Authority and outlines the process of selection and evaluation of projects nominated to be funded by green bonds as well as the application and management of proceeds. The projects expected to be financed or refinanced with proceeds of the Series 2019-A Green Bonds described under "PLAN OF FINANCE AND APPLICATION OF BOND PROCEEDS—Use of Proceeds; Plan of Finance" herein were evaluated by LACMTA's Treasury Department, with assistance from the Environmental Compliance & Sustainability Department, and determined to support LACMTA's sustainability goal and met the eligibility requirements of the Climate Bond Standard.

### **The Climate Bonds Initiative and Climate Bond Certification**

LACMTA has requested and the Climate Bonds Standard Board has approved the labeling of the Series 2019-A Green Bonds as "Climate Bond Certified" based on the Climate Bonds Standard Verification Report and Statement provided by First Environment. First Environment, which has been engaged to provide such verification services, provided the Climate Standard Board factual findings that assessed that the proceeds of the 2017-A Bonds were expected to be used on eligible projects pursuant the Low-Carbon Transport Eligibility Criteria Version 1 as well as the requirements of the Climate Bonds Standard Version 2.1.

The Climate Bonds Initiative certification process includes pre-issuance and post issuance requirements. Prior to their submittal of their verification report to the Climate Bonds Standard Board, First Environment reviewed the expenditure plan for the Series 2019-A bond proceeds, as well as the internal processes and controls that LACMTA uses in connection with the expenditure of bond proceeds. As required by the certification process, LACMTA will also engage First Environment to provide a post-issuance assurance of compliance. LACMTA will provide to the Climate Bonds Initiative an annual statement with respect to the Series 2019-A Green Bonds attesting, to the best of its knowledge, its conformance with the certification requirements of the Climate Bonds Standard. LACMTA will also provide an annual report to bondholders of the Series 2019-A Green Bonds regarding the projects financed by proceeds of the Series 2019-A Green Bonds as requested, and expects to voluntarily file such report on EMMA.

### **RISK FACTORS**

*The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2019 Bonds. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect LACMTA, the Proposition C Sales Tax revenues, or the Series 2019 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

#### **Economic Factors May Cause Declines in Proposition C Sales Tax Revenues**

The Series 2019 Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of Pledged Revenues, consisting primarily of certain revenues of the Proposition C Sales Tax and other amounts that are held by the Trustee under the Agreement. The level of Proposition C Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County. In Fiscal Years 2009 and 2010, the national economic recession and regional general economic conditions resulted in

reductions in economic activity and taxable sales within the County, and correspondingly Proposition C Sales Tax revenues received by LACMTA declined. Proposition C Sales Tax revenues increased in Fiscal Years 2011 through 2018. It is possible that Proposition C Sales Tax revenues could decline in the future, reducing amounts available to pay the principal of and interest on the Series 2019 Bonds.

To project future Proposition C Sales Tax revenues for budgetary purposes, LACMTA incorporates actual long-term experience combined with forecasts from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the CDTFA does not provide LACMTA with any forecasts of Proposition C Sales Tax revenues for future periods. Therefore, LACMTA is unable to predict with certainty future levels of Proposition C Sales Tax revenues. In addition, the County is located in a seismically active region. A major earthquake or other natural disaster could adversely affect the economy of the County and the amount of Proposition C Sales Tax revenues. Future significant declines in the amount of Proposition C Sales Tax revenues could ultimately impair the ability of LACMTA to pay principal of and interest on the Series 2019 Bonds. See “PROPOSITION C SALES TAX AND COLLECTIONS—Historical Proposition C Sales Tax Collections.” Also see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

### **California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax**

With limited exceptions, the Proposition C Sales Tax is imposed on the same transactions and items subject to the general sales tax levied throughout the State. In the past, the California State Legislature and the California State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the Proposition C Sales Tax. In 1991, the California State Legislature enacted legislation which expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment and newspapers and magazines. In 1992, the California State electorate approved an initiative which eliminated candy, gum, bottled water and confectionery items as items subject to the California State’s general sales tax. In each case, the same changes were made to transactions or items subject to the Proposition C Sales Tax. In the future, the California State Legislature or the California State electorate could further change the transactions and items upon which the statewide general sales tax and the Proposition C Sales Tax are imposed. Such a change could either increase or decrease Proposition C Sales Tax revenues depending on the nature of the change. See “PROPOSITION C SALES TAX AND COLLECTIONS.”

Federal law may also cause transactions and items to be excluded from the State’s general sales tax, and, therefore, the Proposition C Sales Tax. For example, under federal law, local taxes on aviation fuel (except taxes in effect on December 30, 1987) must be used for airport-related purposes, as a condition for receiving federal funding for airports. On November 7, 2014, the Federal Aviation Administration (the “FAA”) adopted an amendment to its “Policy and Procedures Concerning the Use of Airport Revenue” (the “FAA Policy”), which clarifies that local sales taxes derived from aviation fuel are subject to the airport use restriction, the FAA definition of local sales tax includes the Proposition C Sales Tax, as well as the Measure R Sales Tax and Measure M Sales Tax (see “PROPOSITION C SALES TAX AND COLLECTIONS—The Proposition C Sales Tax” for descriptions of these sales taxes). While LACMTA cannot be certain of the overall impact that the FAA Policy will have on Proposition C Sales Tax revenues, it does not currently expect Proposition C Sales Tax revenues will be reduced as a result of the FAA Policy. The FAA Policy is illustrative of federal laws that may affect which transactions and items are subject to the State’s general sales tax.

## **Increases in Sales Tax Rate May Cause Declines in Proposition C Sales Tax Revenues**

Increases in sales tax rates, whether by the electorate of a municipality within the County, the County or the State or by the State Legislature, may affect consumer spending decisions and as a result adversely impact sales transactions in the County and, thereby, reduce Proposition C Sales Tax revenues. Several increases in sales tax rates have occurred in recent years.

In November 2008, County voters approved Measure R, which increased the sales tax rate within the County by  $\frac{1}{2}$  of 1% for a period of 30 years to fund LACMTA transportation projects and operations. Collection of the additional sales tax rate (known as the Measure R Sales Tax) commenced in July 1, 2009. In 2012, the Board of Directors of LACMTA approved a proposal to extend the Measure R Sales Tax for 30 years beyond its current expiration date (June 30, 2039), but the proposed extension failed to receive the required voter approval. In November 2012, the voters of the State approved an additional  $\frac{1}{4}$  of 1% State general sales tax, which became effective on January 1, 2013 and expired on December 31, 2016.

At the election held on November 8, 2016, more than two-thirds of the electors of the County voting on the issue approved an additional transportation and use tax (known as the Measure M Sales Tax) to improve transportation and ease traffic congestion. The Measure M Sales Tax is a new one-half cent sales tax starting July 1, 2017 that increases to one cent in 2039 when the Measure R Sales Tax expires. The Measure M Sales Tax does not have a scheduled expiration date. Proposition A Sales Tax revenues, Measure R Sales Tax revenues and Measure M Sales Tax revenues are separate from Proposition C Sales Tax revenues and do not secure the Senior Bonds, including the Series 2019 Bonds, or Senior Parity Debt.

On March 7, 2017, County voters approved a  $\frac{1}{4}$  of 1% sales tax increase known as the Measure H Sales Tax for Homeless Services and Prevention to fund programs to assist the County's homeless population. The Measure H Sales Tax went into effect in October, 2017 and such tax expires in ten years. See "PROPOSITION C SALES TAX AND COLLECTIONS—The Proposition C Sales Tax" for further discussion of Measure H and other current sales taxes in the County.

Additional increases in sales tax rates that will impact the County, while not currently pending, can be expected to be proposed and imposed, from time to time.

## **Increased Internet Use May Reduce Proposition C Sales Tax Revenues**

The increasing use of the Internet to conduct electronic commerce may affect the levels of Proposition C Sales Tax revenues. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the retail transactions and use tax imposed by Proposition C. Legislation passed as part of the California Budget Act of 2011 imposes a use tax collection responsibility for certain out-of-state, and particularly Internet, retailers that meet certain criteria. The new responsibility took effect in September 2012.

Further, the Supreme Court of the United States (the "Supreme Court") decided a case on June 21, 2018 (*South Dakota v. Wayfair*) concerning out of jurisdiction collection of sales taxes. The Supreme Court ruled that state and local government have the authority to require out-of-state vendors, with no local physical presence in a state, to collect and remit sales taxes to state and local governments. [address any resulting action (if any) by the State]

However, LACMTA believes that some Internet transactions still may avoid taxation and in the future may continue to avoid taxation either through error or deliberate non-reporting, and this potentially reduces the amount of Proposition C Sales Tax revenues.

### **No Acceleration on the Series 2019 Bonds**

[The Agreement does not contain a provision allowing for the acceleration of the Series 2019 Bonds. In the event of a default by LACMTA, each holder of a Series 2019 Bonds will have the right to exercise the remedies, subject to the limitation thereon, set forth in the Agreement. See “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS— TRUST AGREEMENT—Events of Default and Remedies.”]

### **Additional Senior Bonds**

LACMTA expects to issue additional debt secured by Proposition C Sales Tax revenues, including additional Senior Bonds. The Short Range Financial Forecast assumes the issuance of approximately \$729 million of Senior Bonds between Fiscal Years 2020 and 2024. LACMTA has several major transit projects under construction and has future plans for additional major capital projects. LACMTA may ultimately issue more Senior Bonds to finance these projects than its current plans presently anticipate, particularly if costs of completing projects are higher than expected or other funding sources are not available as planned. In addition, LACMTA is likely to undertake additional capital projects in the future, and additional Senior Bonds may be issued to finance these projects. LACMTA may issue additional Senior Bonds only if the additional bonds tests described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS— Proposition C Sales Tax Obligations— Senior Obligations” are satisfied.

### **Impact of Bankruptcy of LACMTA**

As a municipal entity, LACMTA may be authorized to file a petition for relief under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”) under certain circumstances. Should LACMTA file for bankruptcy relief, there could be adverse effects on the holders of the Series 2019 Bonds.

If the Pledged Tax constitutes “special revenues” under the Bankruptcy Code, then Pledged Tax collected before and after the date of the bankruptcy filing should be subject to the lien of the Agreement. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, and also to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor, but the Bankruptcy Code excludes receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity.

The results of Chapter 9 bankruptcy proceedings are difficult to predict. If a court determined that the Proposition C Sales Tax was levied to finance the general purposes of LACMTA rather than specific projects, then the Pledged Tax would not be special revenues. No assurance can be given that a court would hold that the Pledged Tax constitutes special revenues or that the Series 2019 Bonds are of a type protected by the “special revenues” provisions of the Bankruptcy Code. If a bankruptcy court were to determine that the Pledged Tax were not “special revenues,” then Pledged Tax collected after the commencement of the bankruptcy case would likely not be subject to the lien of the Agreement. If a bankruptcy court were to so hold, the owners of the Senior Bonds (including the Series 2019 Bonds) would no longer be entitled to any special priority to the Pledged Tax and could be treated as general unsecured creditors of LACMTA without a lien as to the Pledged Tax.

If the revenues pledged under the Agreement are determined to be special revenues, the Bankruptcy Code provides (in order to maintain the revenue-generating capacity of the municipal entity) that a special revenues lien is subject to the necessary operating expenses of the project or system from which the special revenues are derived, which expenses are to be paid before other obligations (including to bondholders). This rule applies regardless of the provisions of the transaction documents. The law is not clear, however, (i) as to whether, or to what extent, the Pledged Tax would be considered to be “derived” from a project or system, or (ii) precisely which expenses would constitute necessary operating expenses. To the extent that the Pledged Tax is determined to be derived from a project or system, LACMTA may be able to use Pledged Tax to pay necessary operating expenses, before the remaining Pledged Tax is turned over to the Trustee to pay amounts owed to the holders of the Series 2019 Bonds.

If LACMTA files for relief under Chapter 9, the parties (including the Trustee and the holders of the Series 2019 Bonds) may be prohibited from taking any action to collect any amount from LACMTA or to enforce any obligation of LACMTA, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2019 Bonds from funds in the Trustee’s possession. In addition, the procedure pursuant to which the Pledged Tax is paid directly to the Trustee by the CDTFA may no longer be enforceable, and LACMTA may be able to require that the Pledged Tax be paid directly to it by the CDTFA.

If LACMTA has possession of Pledged Tax (whether collected before or after commencement of the bankruptcy case) and if LACMTA does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2019 Bonds would have to follow to attempt to obtain possession of such Pledged Tax, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The obligations of LACMTA under the Agreement, including its obligations to pay principal of and interest on the Series 2019 Bonds, are limited obligations and are payable solely from the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Accordingly, if LACMTA filed for relief under Chapter 9, the owners of the Series 2019 Bonds may not have any recourse to any assets or revenues of LACMTA other than the Pledged Revenues and other amounts.

In the event of a LACMTA bankruptcy filing, LACMTA may be able to borrow additional money that is secured by a lien on any of its property (including the Pledged Revenues), which lien could have priority over the lien of the Agreement, as long as the bankruptcy court determines that the rights of the owners of the Series 2019 Bonds will be adequately protected. LACMTA may also be able to cause some of the Pledged Revenues to be released to it, free and clear of lien of the Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Series 2019 Bonds will be adequately protected.

Through a Chapter 9 proceeding LACMTA may also be able, without the consent and over the objection of the Trustee and the owners of the Series 2019 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Agreement and the Series 2019 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

As noted in its 2017 Financial Statements (as defined under “FINANCIAL STATEMENTS”), (see [“Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans”] in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018”) LACMTA has been informed that it has unfunded pension plan actuarial accrued liabilities. In a bankruptcy of

LACMTA, the amounts of current and, if any, accrued (unpaid) contributions owed to the California Public Employees' Retirement System ("CalPERS"), the LACMTA-administered plans, or to any other pension system (collectively the "Pension Systems"), as well as future material increases in required contributions, could create additional uncertainty as to LACMTA's ability to pay debt service on the Series 2019 Bonds. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems are instrumentalities of the State and have the right to enforce payment by injunction or other proceedings outside of a LACMTA bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a bankruptcy of LACMTA would rule on these matters. In addition, this area of law is presently very unsettled. This is because, though the issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in the Chapter 9 cases of several California municipalities, including Stockton and San Bernardino, the relevant disputes have not been litigated to decision in the Federal circuit appellate courts, and thus there are no rulings from which definitive guidance can be taken on pension matters in Chapter 9.

There may be delays in payments on the Series 2019 Bonds while the court considers any of these issues, and any of these issues could result in delays or reductions in payments on the Series 2019 Bonds. There may be other possible effects of a bankruptcy of LACMTA that could result in delays or reductions in payments on the Series 2019 Bonds, or result in losses to the holders of the Series 2019 Bonds. Regardless of any specific adverse determinations in a LACMTA bankruptcy proceeding, the fact of a LACMTA bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2019 Bonds.

### **Voter Initiatives and California State Legislative Action May Impair Proposition C Sales Tax**

Voters have the right to place measures before the electorate in the County or the State and the California State Legislature may take actions to limit the collection and use of the Proposition C Sales Tax. Such initiatives or actions may impact various aspects of the security, source of payment and other credit aspects of the Series 2019 Bonds. See "PROPOSITION C SALES TAX AND COLLECTIONS—Initiatives and Changes to Proposition C Sales Tax."

## **DESCRIPTION OF THE SERIES 2019 BONDS**

### **General**

The Series 2019 Bonds are limited obligations of LACMTA to be issued pursuant to and secured under the Agreement. In connection with the issuance of the Series 2019 Bonds, LACMTA will enter into the Twenty-Ninth Supplemental Agreement to provide the terms of the Series 2019 Bonds and related matters.

The Series 2019 Bonds will bear interest at the rates and mature in the principal amounts and on the dates shown on the inside cover of this Official Statement. LACMTA will pay interest on each January 1 and July 1, beginning July 1, 2019. Interest on the Series 2019 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2019 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Upon initial issuance, the Series 2019 Bonds will be registered in the name of

Cede & Co. as registered owner and nominee of DTC. As long as the Series 2019 Bonds are registered in such name or in the name of a successor nominee, the ownership of the Series 2019 Bonds will be evidenced by book-entry as described in “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.” Purchasers will not receive certificated Series 2019 Bonds. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, reference herein to the Bondholders or registered owners will mean Cede & Co. as aforesaid and will not mean the Beneficial Owners of the Series 2019 Bonds.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, principal and redemption price of and interest on the Series 2019 Bonds are payable by wire transfer of funds by the Trustee to Cede & Co., as nominee of DTC. DTC is obligated, in turn, to remit such amounts to its participants as described herein for subsequent disbursement to the Beneficial Owners. If the Series 2019 Bonds cease to be held by DTC or by a successor securities depository, the principal and redemption price of the Series 2019 Bonds will be payable at maturity or earlier redemption upon presentation and surrender of the Series 2019 Bonds at the corporate trust office or agency of the Trustee, and interest on the Series 2019 Bonds will be payable by check mailed by first-class mail on each Interest Payment Date to the Owners of the Series 2019 Bonds as of the Record Date; provided, that Owners of \$1,000,000 or more in aggregate principal amount of Series 2019 Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least 15 days prior to an Interest Payment Date.

#### **Redemption\***

*Optional Redemption.* The Series 2019-A Green Bonds maturing on or before July 1, 20\_\_ are not subject to optional redemption prior to their stated maturities. The Series 2019-A Green Bonds maturing on or after July 1, 20\_\_ are subject to redemption at the option of LACMTA on or after \_\_\_\_\_ 1, 20\_\_, in whole or in part in Authorized Denominations at any time, from any moneys that may be provided for such purpose and at a redemption price of 100% of the principal amount of such Series 2019-A Green Bonds to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

The Series 2019-B Bonds maturing on or before July 1, 20\_\_ are not subject to optional redemption prior to their stated maturities. The Series 2019-B Bonds maturing on or after July 1, 20\_\_ are subject to redemption at the option of LACMTA on or after \_\_\_\_\_ 1, 20\_\_, in whole or in part in Authorized Denominations at any time, from any moneys that may be provided for such purpose and at a redemption price of 100% of the principal amount of such Series 2019-B Bonds to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

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\* Preliminary, subject to change.

**Mandatory Sinking Fund Redemption.** The Series 2019-A Green Bonds maturing on July 1, 20\_\_ are subject to mandatory sinking fund redemption in the amount of the principal thereof, without premium, plus accrued interest thereon to the redemption date, to be paid on July 1 of the years and in the amounts set forth below:

<u>Year</u>	<u>Sinking Fund Installment</u>
†	
† Final Maturity	

The Series 2019-B Bonds maturing on July 1, 20\_\_ are subject to mandatory sinking fund redemption in the amount of the principal thereof, without premium, plus accrued interest thereon to the redemption date, to be paid on July 1 of the years and in the amounts set forth below:

<u>Year</u>	<u>Sinking Fund Installment</u>
†	
† Final Maturity	

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption (by lot in such manner as the Trustee may determine), from the Series 2019 Bonds subject to such redemption, an aggregate principal amount of such Series 2019 Bonds equal to the amount for such year as set forth in the table above and will call such Series 2019 Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such redemption in accordance with the terms of the Agreement.

At the option of LACMTA, it may (a) deliver to the Trustee for cancellation any Series 2019 Bonds or portions thereof (in Authorized Denominations) of the series and stated maturity subject to such redemption purchased in the open market or otherwise acquired by LACMTA or (b) specify a principal amount of such Series 2019 Bonds or portions thereof (in Authorized Denominations) subject to mandatory sinking fund redemption which prior to said date have been purchased or redeemed (other than pursuant to mandatory sinking fund redemption) and previously cancelled by the Trustee at the request of LACMTA and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2019 Bond or portion thereof so delivered or previously purchased or redeemed will be credited by the Trustee at 100% of the principal amount thereof against the obligation of LACMTA on such mandatory sinking fund redemption date.

**Selection of Series 2019 Bonds to Be Redeemed; Notice of Redemption.** The Series 2019 Bonds are subject to redemption in such order of maturity as LACMTA may direct and by lot, selected in such manner as the Trustee deems appropriate, within a maturity, provided that for so long as the Series 2019 Bonds are held by DTC, the interests of the Participants in the particular Series 2019 Bonds or portions



thereof to be redeemed within a maturity will be selected by lot by DTC in such manner as DTC and the Participants may determine See also “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.”

The Trustee is required to give notice of redemption to the registered owners affected by such redemption at least 20 days but not more than 60 days before each redemption date, and to send such notice of redemption by first-class mail (or, with respect to Series 2019 Bonds held by DTC, via electronic means or by an express delivery service for delivery on the next following Business Day). Each notice of redemption will specify the Series 2019 Bonds to be redeemed; the redemption date; the CUSIP numbers of the Series 2019 Bonds to be redeemed; the redemption price; the place or places where amounts due upon such redemption will be payable; if less than all of the Series 2019 Bonds of a Series and maturity date are to be redeemed, the numbers of the Series 2019 Bonds and the portions of Series 2019 Bonds to be redeemed; any conditions to the redemption; and that on the redemption date, and upon the satisfaction of any such condition, the Series 2019 Bonds to be redeemed will cease to bear interest.

If at the time of mailing of notice of an optional redemption there has not been deposited with the Trustee moneys sufficient to redeem all the Series 2019 Bonds called for redemption, such notice may, at the election of LACMTA, state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the holders of such Series 2019 Bonds that were to be redeemed.

Failure to give any required notice of redemption or any defect therein will not affect the validity of the call for redemption of any Series 2019 Bonds in respect of which no failure or defect occurs. Any notice sent as provided above will be conclusively presumed to have been given whether or not actually received by the addressee.

***Effect of Redemption.*** If notice is given as described above under “—Selection of Series 2019 Bonds to be Redeemed; Notice of Redemption” and the moneys for payment of the redemption price are on deposit with the Trustee, the Series 2019 Bonds called for redemption will be due and payable on the redemption date, interest on such Series 2019 Bonds will cease to accrue after such date, such Series 2019 Bonds will cease to be entitled to any lien, benefit or security under the Agreement, and the registered owners of the redeemed Series 2019 Bonds will have no rights under the Agreement after the redemption date other than the right to receive the redemption price for such Series 2019 Bonds.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS**

### **Security for the Series 2019 Bonds**

The Series 2019 Bonds are limited obligations of LACMTA payable from and secured by a first lien on and pledge of the “Pledged Revenues,” which consist of Pledged Tax plus interest, profits and other income received from the investment of such amounts held by the Trustee (other than amounts in the Rebate Fund). “Pledged Tax” consists of moneys collected as a result of the imposition of the Proposition C Sales Tax, less 20% thereof which constitutes the Local Allocation, less an administrative fee paid to the CDTFA in connection with the collection and disbursement of the Proposition C Sales Tax. In addition, the Series 2019 Bonds are secured by all other amounts held by the Trustee under the Agreement except for amounts held in the Rebate Fund and the Redemption Fund. Additionally, the Agreement provides that Pledged Tax also includes any Local Allocation that a local jurisdiction authorizes to be pledged to secure the Series 2019 Bonds, plus such additional sources of revenue, if any,

which are hereafter pledged to pay the Series 2019 Bonds under a subsequent supplemental trust agreement. As of the date of this Official Statement, no local jurisdiction has authorized to be pledged any of its Local Allocation to secure any Senior Bonds issued under the Agreement, including the Series 2019 Bonds. Pledged Revenues do not include any Proposition C Sales Tax revenues that are released by the Trustee to (a) the payment of the Proposition C Commercial Paper Notes or the Proposition C Revolving Obligations (each as defined under “PROPOSITION C SALES TAX OBLIGATIONS—Subordinate Lien Obligations”); (b) LACMTA for the payment, if necessary, of the General Revenue Bonds (as defined under “PROPOSITION C SALES TAX OBLIGATIONS—Other Obligations”); or (c) LACMTA for any other lawful purposes of LACMTA. For a description of the Proposition C Sales Tax and collections related thereto, see “PROPOSITION C SALES TAX AND COLLECTIONS.”

**Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2019 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2019 Bonds.**

**The Series 2019 Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from a first lien on and pledge of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2019 Bonds.**

#### **Proposition C Sales Tax Obligations**

Under the Agreement, LACMTA may issue two tiers of obligations secured by Pledged Revenues. LACMTA may issue Senior Bonds and incur Senior Parity Debt, which are secured by a senior lien on the Pledged Revenues. The Series 2019 Bonds are Senior Bonds. LACMTA also may issue Subordinate Lien Obligations, which are secured by a subordinate lien on Pledged Revenues and are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues.

Pursuant to the Trust Agreement, LACMTA has covenanted and agreed not to issue or incur any obligations that would have a lien on Pledged Revenues senior to the Senior Bonds (including the Series 2019 Bonds) or any Senior Parity Debt.

***Senior Obligations.*** LACMTA is authorized to issue Senior Bonds and incur Senior Parity Debt, which would be payable from and secured by Pledged Revenues on a parity basis with the Series 2019 Bonds.

LACMTA may issue additional Senior Bonds or incur Senior Parity Debt if LACMTA delivers to the Trustee a certificate prepared by a Consultant showing that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of such Senior Bonds or incurrence of Senior Parity Debt, as applicable, was at least equal to 130% of Maximum Annual Debt Service for all Senior Bonds and Senior Parity Debt which will be Outstanding immediately after the proposed issuance of Senior Bonds or incurrence of Senior Parity Debt. This certificate need not be delivered if the Senior Bonds or Senior Parity Debt are being issued or incurred for the purpose of refunding Outstanding Senior Bonds or Senior Parity Debt and certain conditions are met as described in “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—TRUST AGREEMENT—Additional Senior Bonds.”

Under the Trust Agreement, “Maximum Annual Debt Service” generally means the greatest amount of principal and interest becoming due and payable on all Senior Bonds and Senior Parity Debt in the Fiscal Year in which the calculation is made or in any subsequent Fiscal Year. However, if LACMTA issues variable rate bonds and enters into an interest rate swap agreement related to any Senior Bonds or Senior Parity Debt, the Agreement permits LACMTA to use the fixed rate it pays under the interest rate swap agreement for purposes of determining the maximum amount of interest becoming due and payable on such Senior Bonds or Senior Parity Debt. LACMTA does not presently have any such swap agreements relating to any Senior Bonds. For the full definition of Maximum Annual Debt Service, see “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

For a description of the Senior Bonds currently outstanding, see “PROPOSITION C SALES TAX OBLIGATIONS—Senior Bonds and Senior Parity Debt.” LACMTA does not presently have any Senior Parity Debt outstanding.

***Subordinate Lien Obligations.*** Under the Agreement, LACMTA may issue Subordinate Lien Obligations secured by Pledged Revenues that are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues. See “PROPOSITION C SALES TAX OBLIGATIONS—Subordinate Lien Obligations.” In addition, LACMTA has incurred other obligations which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “PROPOSITION C SALES TAX OBLIGATIONS—Other Obligations.”

## **Flow of Funds**

Pursuant to an agreement between LACMTA and the CDTFA, the CDTFA directly remits Proposition C Sales Tax receipts monthly to the Trustee after deducting the CDTFA’s costs of administering the Proposition C Sales Tax. The Trustee immediately transfers to LACMTA the Local Allocation (20% of net Proposition C Sales Tax cash receipts) for disbursement. Under the Agreement, the Trustee is required to deposit and to apply the remaining moneys received from the CDTFA, as needed (80% of net Proposition C Sales Tax cash receipts), taking into consideration any other funds previously deposited or applied in such month for such purposes, as follows:

FIRST, to the credit of the Senior Bond Interest Account, an amount equal to the Aggregate Accrued Senior Interest for the current calendar month (which, in general, is equal to 1/6 of the interest coming due on the next Interest Payment Date (see “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS”)) less any Senior Excess Deposit made with respect to the last preceding calendar month plus any Senior Deficiency existing on the first day of the calendar month plus any amount of interest which has become due and has not been paid and for which there are insufficient funds in the Senior Bond Interest Account or in the special account to be used to make such payment;

SECOND, to the credit of the Senior Bond Principal Account, an amount equal to the Aggregate Accrued Senior Principal for the current calendar month (which, in general, is equal to 1/12 of the principal maturing in the next year (see “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS”)) less any Senior Excess Deposit made with respect to the last preceding calendar month plus any Accrued Senior Premium and Senior Deficiency existing on the first day of the calendar month plus any amount of principal which has become due and has not been paid and for which there are insufficient funds in the Senior Bond Principal Account or another special account to be used to make such payment;

THIRD, to the credit of the Reserve Fund, such portion of the balance, if any, remaining after making the deposits to the Senior Bond Interest Account and the Senior Bond Principal Account as

described above, as is necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement for all Outstanding Senior Bonds participating in the Reserve Fund (including such amounts required to reimburse draws on any Reserve Fund Insurance Policy), or if the entire balance is less than the amount necessary, then the entire balance will be deposited into the Reserve Fund, and such amounts will be used to reimburse draws on any Reserve Fund Insurance Policy prior to replenishing the cash or Permitted Investments formerly on deposit therein (this section will be modified by the Proposed Amendments and the Series 2019 Bonds will not be secured by the Reserve Fund or any other debt service reserve fund; see “INTRODUCTION—Proposed Amendments to Trust Agreement” and “INTRODUCTION—No Reserve Fund” herein).

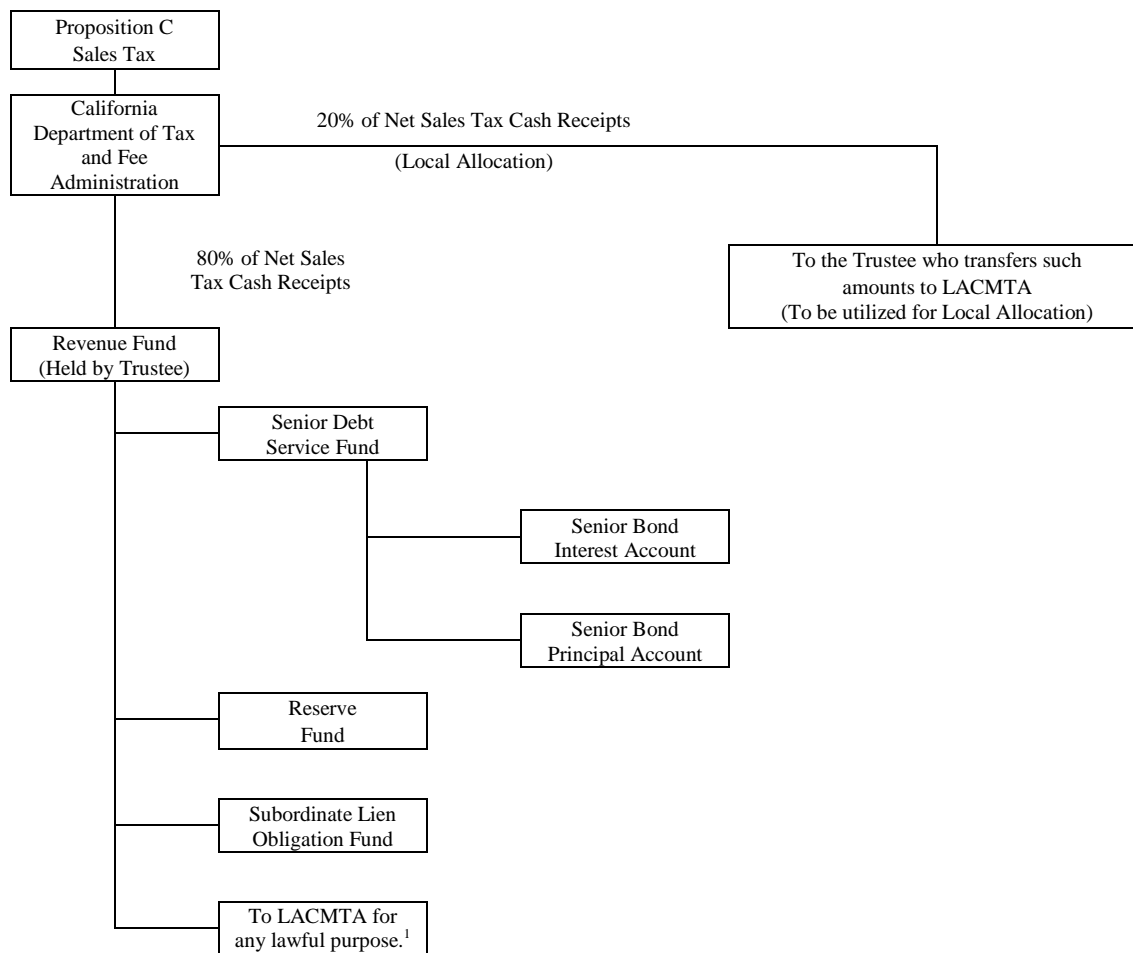
FOURTH, to the accounts in the Subordinate Lien Obligation Fund, amounts sufficient to pay the Subordinate Lien Obligations. Notwithstanding the foregoing, however, if there are insufficient Pledged Revenues in any Fiscal Year to make all of the foregoing deposits, such Pledged Revenues will be allocated to the accounts within the Subordinate Lien Obligation Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Subordinate Lien Obligations issued or entered into on a parity basis and in accordance with the rank of the pledge created by such Subordinate Lien Obligations.

After setting aside amounts to be deposited in the Rebate Fund, any remaining funds will then be transferred to LACMTA and will be available to be used for any lawful purpose (including the payment of General Revenue Bonds), and will no longer be pledged to pay debt service on the Senior Bonds.

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The following table provides a graphic presentation of the flow of funds for Proposition C Sales Tax cash receipts as of the date of issuance of the Series 2019 Bonds.

**TABLE 1  
Proposition C Sales Tax  
Flow of Funds**



<sup>1</sup> All remaining funds are transferred to LACMTA, are released from the lien established under the Trust Agreement, and are thereafter no longer Pledged Revenues under the Trust Agreement.

**The Series 2019 Bonds are not Secured by any Reserve Fund**

The Series 2019 Bonds are not secured by the Reserve Fund or any other debt service reserve fund. Certain other Senior Bonds are secured by the Reserve Fund. See “INTRODUCTION—Proposed Amendments to Trust Agreement” and “INTRODUCTION—No Reserve Fund” herein.

**PROPOSITION C SALES TAX AND COLLECTIONS**

**The Proposition C Sales Tax**

Under the California Public Utilities Code, LACMTA is authorized to adopt retail transactions and use tax ordinances applicable in the incorporated and unincorporated territory of the County in accordance with California’s Transaction and Use Tax Law (California Revenue and Taxation Code

Section 7251 et seq.), upon authorization by a specified percentage of the electors voting on the issue. In accordance with the County Transportation Commissions Act (Section 130000 et seq. of the California Public Utilities Code (the “Transportation Commissions Act”)), the Commission, on August 8, 1990, adopted Ordinance No. 49 (“Ordinance No. 49”) which imposed a retail transactions and use tax for public transit purposes. Ordinance No. 49 was submitted to the electors of the County in the form of Proposition C (“Proposition C”) and approved at an election held on November 6, 1990. Ordinance No. 49 imposes a tax, effective April 1, 1991, of ½ of 1% of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions. The retail transactions and use tax imposed by Ordinance No. 49 and approved by the voters with the passage of Proposition C is referred to in this Official Statement as the “Proposition C Sales Tax.” As approved by the voters, the Proposition C Sales Tax is not limited in duration. The validity of the Proposition C Sales Tax was upheld in 1992 by the California Court of Appeal in *Vernon v. State Board of Equalization*. See “LITIGATION.” See also “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION AND OTHER REGULATORY ACTIONS.”

Collection of the Proposition C Sales Tax is administered by the CDTFA, which imposes a charge for administration. Such charge is based on the actual costs incurred by the CDTFA in connection with the administration of the collection of the Proposition C Sales Tax. In accordance with Ordinance No. 49, LACMTA is required to allocate the proceeds of the Proposition C Sales Tax as follows:

**TABLE 2**  
**Allocation of Proposition C Sales Tax**

<u>Uses</u>	<u>Percentage</u>
To local jurisdictions for local transit based on population (Local Allocation)	20%
To LACMTA for construction and operation of the bus transit and rail system <sup>1</sup>	40
To LACMTA to expand rail and bus security	5
To LACMTA for commuter rail, construction of transit centers, park and ride lots and freeway bus stops	10
To LACMTA for transit related improvements to freeways and state highways	<u>25</u>
Total	<u>100%</u> <sup>2</sup>

<sup>1</sup> Pursuant to the Act of 1998 (as defined herein) LACMTA is prohibited from spending Proposition C Sales Tax revenues on the costs of planning, design, construction or operation of any New Subway (as defined below), including debt service on bonds, notes or other evidences of indebtedness issued for such purposes after March 30, 1998. See “—Initiatives and Changes to Proposition C Sales Tax—The Act of 1998” below.

<sup>2</sup> Up to 1.5% of the non-Local Allocation portion of the Proposition C Sales Tax revenues received by LACMTA may be used by LACMTA to pay administrative costs. Administrative costs are payable only from Proposition C Sales Tax revenues that have been released to LACMTA and are no longer Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Flow of Funds” above.

Source: LACMTA

As described below, the CDTFA has agreed to remit directly on a monthly basis the remaining Proposition C Sales Tax revenues to the Trustee, after deducting the costs of administering the Proposition C Sales Tax and disbursing the Local Allocation to LACMTA (which for purposes of administrative ease, is first transferred to the Trustee who then disburses the Local Allocation to LACMTA). After application of such Proposition C Sales Tax revenues to certain funds and accounts in accordance with the Agreement, the Trustee is required to transfer the remaining unapplied Proposition C Sales Tax revenues for deposit to the funds and accounts established and maintained for the Proposition C

Commercial Paper Notes and the Proposition C Revolving Obligations. Any Proposition C Sales Tax revenues remaining after the deposits described above are released to LACMTA to be used by LACMTA first, if necessary, to pay debt service on the General Revenue Bonds, and second, for any lawful purposes (subject to the allocation requirements set forth in Ordinance No. 49). The Senior Bonds do not have a lien on and are not secured by any Proposition C Sales Tax revenues that are released by the Trustee and deposited to the funds and accounts established and maintained for the Proposition C Commercial Paper Notes, the Proposition C Revolving Obligations, or the General Revenue Bonds or transferred to LACMTA to be used for any lawful purposes of LACMTA.

The amount retained by the CDTFA from collections of Proposition C Sales Tax after July 1993 is based on the total local entity cost reflected in the annual budget of the State, and includes direct, shared and central agency costs incurred by the CDTFA. The amount retained by the CDTFA is adjusted to account for the difference between the CDTFA's recovered costs and its actual costs during the prior two Fiscal Years. For Fiscal Years 2014 through 2018, the CDTFA's fee for administering the Proposition C Sales Tax was as follows:

<b>Fiscal Year Ended (June 30)</b>	<b>Fee (\$'s in millions)</b>	<b>Percentage of Proposition C Sales Tax Receipts</b>
2014	\$8.3	1.2%
2015	8.6	1.2
2016	9.2	1.2
2017	9.2	1.2
2018	8.7	1.1

Source: LACMTA

The CDTFA has advised LACMTA that its fee for Fiscal Year 2019 is estimated to be \$8.9 million. LACMTA assumes that the CDTFA fee may increase incrementally each year. The CDTFA can change the fee at its discretion in the future.

Under the Agreement, LACMTA covenants that (a) it will not take any action which will have a material adverse effect upon the Pledged Revenues or the pledge thereof under the Agreement, or the rights of the owners of the Senior Bonds, including the Series 2019 Bonds; and (b) it will be unconditionally and irrevocably obligated, so long as any of the Senior Bonds, including the Series 2019 Bonds, are outstanding and unpaid, to take all lawful action necessary or required to continue to entitle LACMTA to receive the Pledged Revenues at the same rates as provided by law (as of October 1, 1992), to pay from the Pledged Revenues the principal of and interest on the Senior Bonds and to make the other payments provided for in the Agreement.

Under the Act, the State pledges to, and agrees with, the holders of any bonds issued under the Act and with those parties who may enter into contracts with LACMTA pursuant to the Act that the State will not limit or alter the rights vested by the Act in LACMTA until such bonds, together with the interest thereon, are fully met and discharged and the contracts are fully performed on the part of LACMTA. However, the State is not precluded from limiting or altering rights if and when adequate provision has been made by law for the protection of the bondholders or those entering into contracts with LACMTA. Further, such pledge and agreement does not preclude the State from changing the transactions and items subject to the statewide general sales tax and concurrently thereby altering the amount of Proposition C

Sales Tax collected. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax.”

The ½ of 1% Proposition C Sales Tax imposed by LACMTA in the County is in addition to the general sales tax levied statewide by the State (currently 7.25%), the ½ of 1% sales tax imposed by LACMTA pursuant to Ordinance No. 16 of the Commission known as “Proposition A” (such sales tax is referred to herein as the “Proposition A Sales Tax”), the 30-year ½ of 1% sales tax approved by County voters in November 2008 to fund LACMTA transportation projects and operations known as the “Measure R Sales Tax,” the ½ of 1% sales tax approved by County voters in November 2016 to fund LACMTA transportation projects and operations known as the “Measure M Sales Tax,” the 10-year ¼ of 1% sales tax approved by County voters in March 2017 to fund programs to assist the County’s homeless population known as “Measure H Sales Tax,” and the taxes that apply only within certain cities in the County. The cities of Avalon, Commerce, Culver City, Downey, El Monte, Inglewood, San Fernando, and South El Monte in the County have each enacted a sales tax of ½ of 1% applicable to transactions within their respective city limits, and the cities of Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica, and South Gate in the County have each enacted a sales tax of 1% applicable to transactions within their respective city limits. The combined various sales taxes described above results in (a) transactions within the County, and outside the cities of Avalon, Commerce, Compton, Culver City, Downey, El Monte, Inglewood, La Mirada, Long Beach, Lynwood, Pico Rivera, San Fernando, Santa Monica, South El Monte, and South Gate, currently being taxed at an effective rate of 9.50%, (b) transactions within the cities of Avalon, Commerce, Culver City, Downey, El Monte, Inglewood, San Fernando, and South El Monte currently being taxed at an effective rate of 10.00%, and (c) transactions within the cities of Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica, and South Gate currently being taxed at an effective rate of 10.25% (the Measure H Sales Tax does not apply to transactions in Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica and South Gate because in those cities the sales tax is already at the maximum allowed by law). These tax rates and the items subject to the Proposition C Sales Tax are subject to change. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax” and “—Increases in Sales Tax Rate May Cause Declines in Proposition C Sales Tax Revenues.” See also “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—OUTSTANDING DEBT.”

### **Initiatives and Changes to Proposition C Sales Tax**

***Proposition 218.*** In 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the California State Constitution. Among other things, Article XIIC removes limitations, if any, that exist on the initiative power in matters of local taxes, assessments, fees and charges. Even though LACMTA’s enabling legislation did not limit the initiative power of the electorate prior to Proposition 218, Proposition 218 has affirmed the right of the voters to propose initiatives that could impact the Proposition C Sales Tax.

***The Act of 1998.*** One such initiative was approved by the voters of the County in 1998 in the form of the “Metropolitan Transportation Authority Reform and Accountability Act of 1998” (the “Act of 1998”). The Act of 1998 prohibits the use of Proposition C Sales Tax and Proposition A Sales Tax (but not the use of Measure R Sales Tax or Measure M Sales Tax) to pay any costs of planning, design, construction or operation of any “New Subway,” including debt service on bonds, notes or other evidences of indebtedness issued for such purposes after March 30, 1998. “New Subway” is defined in the Act of 1998 to mean any rail line which is in a tunnel below the grade level of the earth’s surface (including any extension or operating segment thereof), except for Segment 1, Segment 2 and Segment 3 (North Hollywood) of the Red Line. The Act of 1998 does not limit the use of Proposition C Sales Tax or Proposition A Sales Tax revenues to provide public mass transit improvements to railroad right-of-ways.



The Act of 1998 does not limit in any way the collection of the Proposition C Sales Tax or the Proposition A Sales Tax; it only limits the uses of such taxes. LACMTA believes that the proceeds of all obligations previously issued by LACMTA which are secured by the Proposition C Sales Tax and/or the Proposition A Sales Tax have been used for permitted purposes under the Act of 1998. **Therefore, the Act of 1998 has no effect on LACMTA’s ability to continue to use the Proposition C Sales Tax or the Proposition A Sales Tax to secure payment of its outstanding obligations secured by the Proposition C Sales Tax or the Proposition A Sales Tax. Additionally, LACMTA will covenant not to use the proceeds of the Series 2019 Bonds in a manner inconsistent with the provisions of the Act of 1998, and the Act of 1998 will not limit the ability of LACMTA to secure payment of the Series 2019 Bonds with a pledge of the Proposition C Sales Tax.**

As required by the Act of 1998, LACMTA contracted with an independent auditor to complete an audit with respect to the receipt and expenditure of Proposition A Sales Tax and Proposition C Sales Tax between the effective dates of Proposition A and Proposition C and June 30, 1998. The independent auditor completed the audit in November 1999. The Act of 1998 further requires LACMTA to contract for an independent audit each subsequent Fiscal Year to determine LACMTA’s compliance with the provisions of Proposition A, Proposition C and the Act of 1998 relating to the receipt and expenditure of Proposition A Sales Tax revenues and Proposition C Sales Tax revenues. For Fiscal Years 1999 through [2017], the independent auditors determined that LACMTA was in compliance with Proposition A, Proposition C and the Act of 1998 for each such respective Fiscal Year (the “Annual Act of 1998 Audit”).

In connection with each Annual Act of 1998 Audit, the independent auditor annually audits how LACMTA spends Proposition C Sales Tax revenues during the related Fiscal Year to ensure that it spends those revenues for the categories of use set forth in Proposition C. See “—The Proposition C Sales Tax” above. Each Fiscal Year, a substantial portion of the Proposition C Sales Tax revenues are spent on the payment of principal of and interest on the Senior Bonds. See “COMBINED SENIOR BONDS DEBT SERVICE SCHEDULE.” For purposes of determining LACMTA’s compliance with the categories of use set forth in Proposition C, LACMTA allocates the annual payments of principal and interest with respect to each series of Senior Bonds to the categories of use for which such series of Senior Bonds financed or refinanced.

The Act of 1998 also established the “Independent Citizens’ Advisory and Oversight Committee” (the “Committee”) whose responsibilities include reviewing LACMTA’s annual audit of its receipt and expenditure of Proposition C Sales Tax and Proposition A Sales Tax, the holding of public hearings regarding the annual audit and issuing reports based upon those audits and public hearings. The Committee is made up of five members, of which one member is appointed by the chair of the Los Angeles County Board of Supervisors, one member is appointed by the chair of the Board, one member is appointed by the Mayor of the City of Los Angeles, one member is appointed by the Mayor of the City of Long Beach, and one member is appointed by the Mayor of the City of Pasadena.

### **Historical Proposition C Sales Tax Collections**

The following table presents, among other things, collections of net Proposition C Sales Tax revenues and corresponding Pledged Revenues and Senior Bonds debt service coverage ratios for the Fiscal Years ended June 30, 2009 through June 30, 2018.

**TABLE 3**  
**Historic Net Proposition C Sales Tax Revenues,**  
**Local Allocations, Pledged Revenues and Debt Service Coverage**  
**(Dollars in Millions)<sup>1</sup>**

<b>Fiscal Year Ended June 30</b>	<b>Net Sales Tax Revenue</b>	<b>Annual Percentage Change</b>	<b>Allocations to Local Governments<sup>2</sup></b>	<b>Pledged Revenues<sup>3</sup></b>	<b>Senior Bonds Debt Service Coverage<sup>4</sup></b>
2009	\$620.9	(9.17)%	\$124.2	\$496.7	4.22x
2010	565.8	(8.87)	113.2	452.6	4.29
2011	601.9	6.39	120.4	481.5	4.28
2012	648.8	7.78	129.8	519.0	4.62
2013	687.3	5.94	137.5	549.9	4.81
2014 <sup>5</sup>	717.2	4.34	143.4	573.7	4.46
2015	745.6	3.96	149.1	596.5	4.40
2016	763.6	2.41	152.7	610.9	4.52
2017	789.3	3.37	157.9	631.4	4.44
2018					

<sup>1</sup> Reflects Proposition C Sales Tax revenues, reported according to accrual basis accounting, as presented in LACMTA's audited financial statements, less the administrative fee paid to the CDTFA but before required allocations to local governments for transit purposes. Rounded to the closest \$100,000.

<sup>2</sup> Rounded to the closest \$100,000.

<sup>3</sup> Proposition C Sales Tax receipts for the Fiscal Years shown, reported according to accrual basis accounting, less required allocations to local governments for transit purposes and less the administrative fee paid to the CDTFA. Rounded to the closest \$100,000.

<sup>4</sup> Based on Senior Bonds debt service for the 12 months ending the immediately following July 1.

<sup>5</sup> LACMTA's Fiscal Year 2014 audited financial statements include an increase in Proposition C Sales Tax revenues of \$61.4 million due to an accounting accrual adjustment resulting in a one-time increase to the reported amount. Amounts shown for Fiscal Year 2014 are reported and calculated excluding the \$61.4 million accounting accrual adjustment.

Source: LACMTA

[The following table sets forth the amount of Proposition C Sales Tax receipts received for the most recent nine quarters and the changes in such amounts from the corresponding period in the prior year.

**TABLE 4**  
**Selected Actual Proposition C Sales Tax Receipts Information<sup>1</sup>**  
(values are cash basis)

<b>Quarter Ended</b>	<b>Quarterly Receipts (\$ millions)</b>	<b>Change From Same Period Prior Year</b>	<b>Rolling 12 Months Receipts (\$ millions)</b>	<b>Change From Same Period Prior Year</b>
December 31, 2018	\$	%	\$	%
September 30, 2018	223.1	9.8 <sup>(2)</sup>	824.4	4.3
June 30, 2018	188.8	0.1 <sup>(2)</sup>	804.5	3.3
March 31, 2018	206.5	2.8	804.4	3.7
December 31, 2017	205.8	4.4	798.8	4.1
September 30, 2017	203.4	6.0	790.2	3.5
June 30, 2017	188.7	1.5	778.8	2.1
March 31, 2017	200.9	4.4	775.9	2.6
December 31, 2016	197.1	2.0	767.5	2.0

<sup>1</sup> Unaudited.

<sup>2</sup>. Receipts received in the quarter ending September 30, 2018 includes \$37 million in Fiscal Year 2018 receipts delayed due to CDTFA’s implementation of a new revenue system in May 2018.

Source: LACMTA

Historically, the Proposition C Sales Tax receipts, on a cash basis for a quarterly period, were determined by Proposition C Sales Tax revenues generated by sales activity generally occurring in the last two months of the previous quarter and the first month of the current quarter. For example, for the quarter ending December 31, 2017, receipts generally represented sales activity occurring in August, September, and October 2017. In May 2018, CDTFA implemented a new Centralized Revenue Opportunity System (the “CROS”) which changed the allocation schedule and resulted in tax distributions to local governments being accelerated. Currently under the CROS, the Proposition C Sales Tax receipts, on a cash basis for a quarterly period, are determined by Proposition C Sales Tax revenues generated by sales activity generally occurring in the previous quarter and the first month of the current quarter. For example, for the fiscal quarter ended December 31, 2018, Proposition C Sales Tax receipts were approximately \$[\_\_\_\_] million, which receipts generally represented sales activity occurring in August and October 2018 and a final payment for the quarter ending September 30, 2018 net of receipts already received for that quarter.

Total Proposition C Sales Tax receipts on a cash basis for Fiscal Year 2018 were approximately \$804.5 million, compared to \$778.8 million in Fiscal Year 2017. LACMTA’s Fiscal Year 2019 budget assumes total Proposition C Sales Tax revenues of \$844 million (net of the CDTFA’s administrative fee).

Proposition C Sales Tax receipts fluctuate based on general economic conditions within the County. To project future Proposition C Sales Tax receipts for budgetary purposes, LACMTA relies on reports from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the CDTFA does not provide LACMTA with any forecasts of Proposition C Sales Tax receipts for future periods. Therefore,

LACMTA is unable to predict with certainty future levels of Proposition C Sales Tax receipts. See “RISK FACTORS—Economic Factors May Cause Declines in Proposition C Sales Tax Revenues” above.

## PROPOSITION C SALES TAX OBLIGATIONS

### General

LACMTA has two priority levels of obligations secured by the Proposition C Sales Tax: its Senior Bonds (which includes the Series 2019 Bonds) and Senior Parity Debt and its Subordinate Lien Obligations. In addition, LACMTA has incurred other obligations, which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “—Other Obligations” below.

### Senior Bonds and Senior Parity Debt

**Senior Bonds.** LACMTA had the following Senior Bonds outstanding as of January 1, 2019, all of which are fixed rate bonds:

**TABLE 5**  
**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Sales Tax Revenue Bonds, Senior Bonds**  
**(Outstanding as of January 1, 2019)**

Senior Bonds	Outstanding Principal Amount
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A	\$ 54,965,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A	445,315,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A	77,645,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A	61,180,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A	77,510,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B	279,685,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C	46,475,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A	14,635,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B	74,885,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A	37,150,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B	69,735,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D	14,580,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E	72,585,000
Total	\$1,326,345,000

LACMTA may issue additional Senior Bonds upon the satisfaction of certain conditions contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Proposition C Sales Tax Obligations—Senior Obligations.” The Short Range Financial Forecast assumes the issuance of approximately \$729 million in additional Senior Bonds from Fiscal Year 2020 through Fiscal Year 2024. For further discussion of the Short Range Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

**Senior Parity Debt.** “Senior Parity Debt” would consist of indebtedness, installment sale obligations, lease obligations or other obligations for borrowed money, or payment obligations under interest swaps or other arrangements having an equal lien and charge upon Pledged Revenues and payable

on parity with the Senior Bonds. LACMTA currently has no Senior Parity Debt outstanding. LACMTA may incur Senior Parity Debt upon the satisfaction of certain additional bonds tests. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Proposition C Sales Tax Obligations—Senior Obligations.”

### **Subordinate Lien Obligations**

***Proposition C Commercial Paper Notes.*** On June 9, 1993, LACMTA received authorization to issue and have outstanding, at any one time, up to \$150,000,000 (principal of and interest thereon) of commercial paper notes (the “Proposition C Commercial Paper Notes”) payable from and secured by Pledged Revenues remaining after the payment of the principal of and interest on the Senior Bonds and the Senior Parity Debt and any Pledged Revenues required to fund a debt service reserve fund for the Senior Bonds (collectively, the “Net Pledged Revenues”). As of January 1, 2019, the Proposition C Commercial Paper Notes were outstanding with a principal amount of \$68,885,000. The Proposition C Commercial Paper Notes will be paid with a portion of the proceeds of the Series 2019-A Green Bonds, and LACMTA expect that after the issuance of the Series 2019-A Green Bonds, there will be no Proposition C Commercial Paper Notes outstanding. See “PLAN OF FINANCE AND APPLICATION OF THE SERIES 2019 BOND PROCEEDS.” LACMTA expects to issue additional Proposition C Commercial Paper Notes in the future. The Proposition C Commercial Paper Notes are supported by a letter of credit (the “Proposition C CP Letter of Credit”) issued by Bank of America, N.A. LACMTA’s reimbursement obligations with respect to the Proposition C CP Letter of Credit are payable from Net Pledged Revenues on a parity with the Proposition C Commercial Paper Notes.

LACMTA is authorized to issue and have outstanding, from time to time, up to \$75,000,000 in aggregate principal amount of its Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the “Proposition C Revolving Obligations”), which are payable from Net Pledged Revenues on a parity with the Proposition C Commercial Paper Notes and which are considered part of the \$150,000,000 authorization for Proposition C Commercial Paper. As of January 1, 2019, LACMTA had \$75,000,000 in aggregate principal amount of the Proposition C Revolving Obligations outstanding, the proceeds of which were used by LACMTA to make a working capital loan to the Alameda Corridor East Construction Authority (ACE) and to finance the development and construction of certain projects of the rail, bus and highway transit system. A portion of the Proposition C Revolving Obligations (\$30 million) will be repaid with a portion of the proceeds of the Series 2019-A Green Bonds. See “PLAN OF FINANCE AND APPLICATION OF THE SERIES 2019 BOND PROCEEDS.” LACMTA expects to borrow Proposition C Revolving Obligations in the future.

All Proposition C Revolving Obligations issued by LACMTA are purchased by the Wells Fargo Bank, National Association, in accordance with the terms of a revolving credit agreement (the “Proposition C Revolving Credit Agreement”). The Proposition C Revolving Obligations bear interest at variable rates determined pursuant to the terms of the Proposition C Revolving Credit Agreement.

The following table sets forth certain terms of Proposition C Commercial Paper Notes, including the Proposition C CP Letter of Credit and the Proposition C Revolving Obligations.

### Proposition C CP Letter of Credit

### Proposition C Revolving Obligations

**Letter of Credit Provider** Bank of America, N.A.

**Revolving Obligations Bank** Wells Fargo Bank,  
National Association

**Principal Amount** \$68,885,000<sup>1</sup>

**Principal Amount** \$75,000,000

**Expiration Date** April 5, 2019

**Expiration/Maturity Date** March 28, 2019<sup>2</sup>

<sup>1</sup> Plus \$6,114,724 of interest. Draws on the letter of credit must be paid within 270 days, though the drawings may be converted to a term loan payable in 10 quarterly installments if conditions are satisfied.

Source: LACMTA

<sup>2</sup> Can be converted to a term loan payable in twelve equal quarterly installments following the Expiration/Maturity Date if conditions are satisfied.

### Other Obligations

**General Revenue Bonds.** As of January 1, 2019, there was \$64,770,000 aggregate principal amount of LACMTA's General Revenue Refunding Bonds (Union Station Gateway Project), Series 2015 (the "Series 2015 General Revenue Bonds") outstanding, and \$24,140,000 aggregate principal amount of LACMTA's General Revenue Refunding Bonds (Union Station Gateway Project), Series 2010-A (the "Series 2010-A General Revenue Bonds," and together with the Series 2015 General Revenue Bonds, the "General Revenue Bonds") outstanding. The General Revenue Bonds are secured by a pledge of farebox revenues, fee and advertising revenues (collectively, "General Revenues") and Proposition A Sales Tax and Proposition C Sales Tax revenues that remain after the application of those revenues to the payment of principal and interest on certain Proposition A Sales Tax-secured obligations, in the case of the Proposition A Sales Tax, and the Senior Bonds (including the Series 2019 Bonds), any Senior Parity Debt and the Subordinate Lien Obligations (including the Proposition C Commercial Paper Notes and the Proposition C Revolving Obligations), in the case of the Proposition C Sales Tax (the "Proposition A Remaining Sales Tax" and the "Proposition C Remaining Sales Tax," respectively). LACMTA's obligation to pay principal of and interest on the General Revenue Bonds is secured by a lien on Proposition C Sales Tax that is junior and subordinate to the Senior Bonds (including the Series 2019 Bonds), any Senior Parity Debt and the Subordinate Lien Obligations (including the Proposition C Commercial Paper Notes and the Proposition C Revolving Obligations) as to the lien on and source and security for payment from Pledged Revenues.

### Policy Limits on Additional Bonds

Besides the limitations of the additional bonds test noted above under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Proposition C Sales Tax Obligations – Senior Bonds," the Board-adopted debt policy sets additional limits on the amount of debt secured by the Proposition C Sales Tax that can be issued. This debt policy is reviewed periodically, and sets limits on debt service as a percentage of the use of sales tax revenues for certain allocations of expenditures as set forth in Ordinance No. 49, which levied the tax. These limits are intended to ensure that LACMTA will be able to continue providing essential operational services while planning for replacement, rehabilitation and expansion of capital investments. Under its current debt policy, debt service on LACMTA obligations is limited to 43.75% of its share of Proposition C Sales Tax revenues, which would require a minimum of 2.28 times coverage of debt service. LACMTA annually monitors its compliance with its debt policy limits. LACMTA's Board is not obligated to maintain its current debt policy and may modify it to allow the issuance of a greater amount of debt secured by the Proposition C Sales Tax in the future.

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## COMBINED SENIOR BONDS DEBT SERVICE SCHEDULE

The following table shows the combined debt service requirements on LACMTA’s Senior Bonds.

**TABLE 6**  
**Los Angeles County Metropolitan Transportation Authority**  
**Combined Proposition C Debt Service Schedule**  
**Senior Bonds<sup>1</sup>**

Bond Years Ending July 1	Previously Issued Senior Bonds Debt Service	Series 2019-A Green Bonds Debt Service			Series 2019-B Bonds Debt Service			Combined Total Debt Service Senior Bonds
		Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
2019	\$164,027,037	\$	\$	\$	\$	\$	\$	\$
2020	159,106,869							
2021	148,047,869							
2022	148,037,269							
2023	155,699,669							
2024	98,719,294							
2025	98,670,844							
2026	83,749,594							
2027	83,805,594							
2028	83,806,294							
2029	76,104,763							
2030	72,338,794							
2031	63,950,944							
2032	63,948,194							
2033	63,953,194							
2034	63,955,444							
2035	54,484,694							
2036	54,483,944							
2037	54,482,444							
2038	54,482,475							
2039	32,271,750							
2040	32,274,250							
2041	32,270,250							
2042	32,271,750							
Total	\$1,974,943,223	\$	\$	\$	\$	\$	\$	\$

<sup>1</sup> Totals may not add due to rounding.

Source: LACMTA and Public Resources Advisory Group

## LITIGATION

There is no litigation pending or, to the knowledge of LACMTA, threatened, against LACMTA in any way questioning or affecting the validity of the Series 2019 Bonds, the imposition and collection of the Proposition C Sales Tax or the pledge of the Pledged Revenues. On March 3, 1992, the California Court of Appeal, in *Vernon v. State Board of Equalization*, upheld the validity of the Proposition C Sales Tax. Various claims of other types have been asserted against LACMTA. In the opinion of LACMTA, none of such pending claims will materially or adversely affect LACMTA's ability to pay the principal of and interest on the Series 2019 Bonds. See "APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION AND OTHER REGULATORY ACTIONS."

## LEGAL MATTERS

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to LACMTA. The proposed form of the opinion to be delivered by Bond Counsel is attached hereto as Appendix F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA and for the Underwriters by their counsel, Orrick, Herrington and Sutcliffe LLP.

## TAX MATTERS

### General

In the opinion of Kutak Rock LLP, Bond Counsel to LACMTA, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by LACMTA with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2019 Bonds. Failure to comply with such requirements could cause interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. LACMTA will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2019 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). Bond Counsel notes that no federal alternative minimum tax applies to corporations for taxable years beginning on and after January 1, 2018.

Bond Counsel is further of the opinion that interest on the Series 2019 Bonds is exempt from present State personal income taxes.



## **Special Considerations With Respect to the Series 2019 Bonds**

The accrual or receipt of interest on the Series 2019 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2019 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2019 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2019 Bonds.

## **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2019 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2019 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2019 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

## **Tax Treatment of Original Issue Premium**

The Series [2019-A] Bonds maturing on July 1, 20\_\_ through, and including, July 1 20\_\_, and the Series 2019-B Bonds maturing on July 1, 20\_\_ through, and including, July 1, 20\_\_ (collectively, the "Premium Series 2019 Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Series 2019 Bond over its stated redemption price at maturity constitutes premium on such Series 2019 Bond. An initial purchaser of a Premium Series 2019 Bond must amortize any premium over such Premium Series 2019 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Series 2019 Bonds callable prior to their maturity, by amortizing the

premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Series 2019 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2019 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2019 Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2019 Bond.

### **Tax Treatment of Original Issue Discount**

**General.** The Series 2019-A Green Bonds maturing on July 1, 20\_\_ through, and including, July 1, 20\_\_, and the Series 2019-B Bonds maturing on July 1, 20\_\_ through, and including, July 1, 20\_\_ (collectively, the "Discount Series 2019 Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2019 Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described under "—General" above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Series 2019 Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2019 Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Series 2019 Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2019 Bond, on days which are determined by reference to the maturity date of such Discount Series 2019 Bond. The amount treated as original issue discount on such Discount Series 2019 Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Series 2019 Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Series 2019 Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Series 2019 Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Series 2019 Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2019 Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Series 2019 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Series 2019 Bond.

**Recognition of Income Generally.** Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to

the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2019. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Discount Series 2019 Bonds under the Code.

### **MUNICIPAL ADVISOR**

LACMTA has retained Public Resources Advisory Group, as Municipal Advisor (the “Municipal Advisor”) for the sale of the Series 2019 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

### **FINANCIAL STATEMENTS**

The financial statements of LACMTA for the Fiscal Year ended June 30, 2018 and the Management’s Discussion and Analysis and certain supplementary information, and the Independent Auditors’ Report of Crowe Horwath LLP, independent accountants, dated [December \_\_, 2018] (collectively, the “2018 Financial Statements”) are included as “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.” The 2018 Financial Statements, included in this Official Statement, have been audited by Crowe Horwath LLP, independent accountants, as stated in their Report appearing in Appendix B. LACMTA has not requested, nor has Crowe Horwath LLP given, Crowe Horwath LLP’s consent to the inclusion in Appendix B of its Report on such 2018 Financial Statements. In addition, Crowe Horwath LLP has not performed any post-audit review of the financial condition of LACMTA and has not reviewed this Official Statement.

### **CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION**

Certain economic and demographic information about the County is included in “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.” The economic and demographic information provided has been collected from sources that LACMTA considers to be reliable. Because it is difficult to obtain timely economic and demographic information, the economic condition of the County may not be fully apparent in all of the publicly available local and regional economic statistics provided herein. In particular, the economic statistics provided herein may not fully capture the impact of current economic conditions.

### **CONTINUING DISCLOSURE**

At the time of issuance of the Series 2019 Bonds, LACMTA will execute a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), which will provide for disclosure obligations on the part of LACMTA. Under the Continuing Disclosure Certificate, LACMTA will covenant for the benefit of Owners and Beneficial Owners of the Series 2019 Bonds to provide certain financial information and operating data relating to LACMTA by not later than 195 days after the end of the prior Fiscal Year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. See “APPENDIX G— FORM OF CONTINUING DISCLOSURE CERTIFICATE.” LACMTA has become aware that some information that was made available in a timely manner on the EMMA System pursuant to LACMTA’s continuing disclosure obligations was not linked to the CUSIP numbers for all affected series of bonds. LACMTA has corrected this issue. In addition, LACMTA has become aware that in a few instances, notices of changes

in ratings on some of its bonds were not filed in a timely manner. LACMTA has made corrective filings regarding these ratings changes.

## **UNDERWRITING**

The Series 2019 Bonds will be purchased by Siebert Cisneros Shank & Co., L.L.C. and Citigroup Global Markets Inc. and the other underwriters identified on the cover of this Official Statement (the “Underwriters”) at a price of \$\_\_\_\_\_ (which amount represents the principal amount of the Series 2019 Bonds of \$\_\_\_\_\_, plus/minus a [net] original issue premium/discount of \$\_\_\_\_\_, and less an underwriters’ discount of \$\_\_\_\_\_ subject to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2019 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2019 Bonds to certain dealers and others at yields higher or prices lower than the public offering yields and/or prices stated on the inside cover page of this Official Statement, and such public offering yields and/or prices may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed and may in the future perform, various investment banking services for LACMTA, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of LACMTA.

Citigroup Global Markets Inc., an Underwriter of the Series 2019 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

**[insert additional language from other Underwriters as needed]**

## **RATINGS**

[Moody’s and S&P have assigned the Series 2019 Bonds ratings of “[\_\_\_\_\_]” ([stable] outlook) and “[\_\_\_\_\_]” ([stable] outlook), respectively. In addition to Moody’s and S&P, Fitch Ratings has assigned ratings to other Senior Bonds. Such credit ratings reflect only the views of such organizations and any desired explanation of the meaning and significance of such credit ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses, which are current as of the date of this Official Statement: Moody’s Investors

Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its credit rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will remain in effect for any given period of time or that any such rating will not be revised, either downward or upward, or withdrawn entirely, or a positive, negative or stable outlook announced, by the applicable rating agency, if, in its judgment, circumstances so warrant. LACMTA undertakes no responsibility to bring to the attention of the Owners of the Series 2019 Bonds any announcement regarding the outlook of any rating agency with respect to the Series 2019 Bonds. Any downward revision or withdrawal or announcement of negative outlook could have an adverse effect on the market price of the Series 2019 Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information by assigning agencies.]

### **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of the Treasurer of the Los Angeles County Metropolitan Transportation Authority, One Gateway Plaza, Los Angeles, California 90012, Attention: Treasury Department, Email: TreasuryDept@metro.net, Telephone: (213) 922-2554, or from LACMTA's Municipal Advisor, Public Resources Advisory Group, 11500 West Olympic Boulevard, Suite 502, Los Angeles, California 90064, Telephone: (213) 477-[2786]. LACMTA maintains a website at <http://www.metro.net>. Information on such website is not part of this Official Statement and such information has not been incorporated by reference in this Official Statement and should not be relied upon in deciding whether to invest in the Series 2019 Bonds.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Treasurer

## APPENDIX A

### LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

#### GENERAL

*Prospective purchasers of the Series 2019 Bonds should be aware that the following discussion of the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is intended as general information only. The Series 2019 Bonds are limited obligations of LACMTA payable from Pledged Revenues, which consist primarily of proceeds of the Proposition C Sales Tax.*

#### **Establishment; Jurisdiction**

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is the largest public transit operator west of Chicago. As the principal transit provider in the southern California region, LACMTA serves about 75% of all transit trips within its 1,433 square mile service area, carrying an estimated 900,000 passengers per day on buses and nearly 360,000 passengers on rail. LACMTA operates four light rail lines, serving 80 stations along 80 miles of track and two heavy rail lines that serve 16 stations along 17.4 miles of track. In addition to the transit services provided by LACMTA, it also provides funding to 40 other municipal operators that offer fixed route service and more than 100 other local return and non-profit agencies that provide community-based transportation. LACMTA also provides highway construction funding and traffic flow management.

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 6, 1990, the voters of the County approved the Proposition C Sales Tax pursuant to Ordinance No. 49. The Proposition C Sales Tax is in addition to a ½ of 1 percent sales tax imposed by LACMTA beginning in 1980 known as “Proposition A Sales Tax,” a 30-year ½ of 1 percent sales tax imposed by LACMTA beginning in 2009 known as the “Measure R Sales Tax,” and a ½ of 1 percent sales tax imposed by LACMTA beginning in 2017 known as “Measure M Sales Tax.”

#### **Board of Directors**

LACMTA is governed by a 14-member Board of Directors (the “Board”). The Board is composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, two public members and one member of the City Council of the City of Los Angeles appointed by the Mayor of the City of Los Angeles, four members who are either a mayor or a member of a city council of a city in the County (other than the City of Los Angeles) and who have been appointed by the Los Angeles County City Selection Committee (comprised of individuals appointed by the Mayors of each city in the County), and a non-voting member appointed by the Governor.

The Board of LACMTA exclusively exercises and discharges the following powers and responsibilities: (a) establishment of overall goals and objectives, (b) adoption of the aggregate budget for

all of its organizational units, (c) designation of additional municipal bus operators under criteria enumerated in the LACMTA Act, (d) approval of all final rail corridor selections, (e) final approval of labor contracts covering employees of LACMTA and its organizational units, (f) establishment of LACMTA's organizational structure, (g) conducting hearings and setting fares for the operating organizational units, (h) approval of transportation zones, (i) approval of any debt instrument with a maturity date exceeding the end of the Fiscal Year in which it is issued, (j) approval of benefit assessment districts and assessment rates and (k) approval of contracts for construction and transit equipment acquisition which exceed \$5,000,000 and making findings in connection with certain procurement decisions.

The current members of the Board and a brief biography of each member are provided below.

***Sheila Kuehl, Chair.*** Ms. Kuehl was elected to the Board representing the Third Supervisorial District in 2014. Ms. Kuehl served eight years in the State Senate and six years in the State Assembly, and, in 2008, left the legislature under California's term limits statute. She served as Founding Director of the Public Policy Institute at Santa Monica College. In 2012, she was appointed Regents' Professor of Public Policy at UCLA. Prior to her election to the Legislature, Ms. Kuehl was a law professor at Loyola, UCLA and USC Law Schools and co-founded and served as managing attorney of the California Women's Law Center. She graduated from Harvard Law School in 1978. She served on the Harvard University Board of Overseers from 1998 to 2005.

***James T. Butts, Jr., First Vice-Chair.*** Mr. Butts was elected as Mayor of the City of Inglewood on January 11, 2011 and reelected on November 4, 2014. Mr. Butts has more than 39 years of public safety and municipal government experience. He has held the rank of general manager or assistant general manager of large and complex municipal organizations for the past 27 years. He served 19 years in the Inglewood Police Department rising to the rank of Deputy Chief, 15 years as the Chief of Police for the City of Santa Monica, and 5 years as an Assistant General Manager for the Los Angeles World Airport system in charge of Public Safety and Counter-Terrorism. Mr. Butts received a Bachelor of Science degree in Business Administration from California State University, Los Angeles and a master's degree in Business Administration from California Polytechnic University in Pomona.

***Eric Garcetti, Second Vice-Chair.*** Mr. Garcetti was elected Mayor of Los Angeles in 2013 and reelected in 2017. From 2001 until taking office as Mayor, Mr. Garcetti served on the Los Angeles City Council representing the Thirteenth District and was elected to serve as President of the Los Angeles City Council four times from 2006 to 2012. Mr. Garcetti earned his B.A. and M.A. from Columbia University. He has also studied as a Rhodes Scholar at Oxford and the London School of Economics and taught at Occidental College and University of Southern California.

***Kathryn Barger.*** Ms. Barger was elected to the Los Angeles County Board of Supervisors representing the Fifth Supervisorial District in November 2016. Ms. Barger began her career in public service as a student intern in the office of Supervisor Michael D. Antonovich while earning her B.A. in Communications from Ohio Wesleyan University. She became his Chief Deputy Supervisor in 2001, and served in this role until her election in November 2016. During the course of her county career as chief policy advisor on Health, Mental Health, Social Service and Children's issues, Ms. Barger provided leadership to deliver efficient and effective services and programs that have significantly improved the quality of life for foster children, seniors, veterans, the disabled and the mentally ill. She has worked with state and federal leaders along with our County District Attorney's office, Sheriff, and other law enforcement agencies to implement tough laws and vital public safety initiatives.

***Mike Bonin.*** Mr. Bonin was elected to Los Angeles City Council in July 2013 and reelected in March 2017 to represent the Eleventh District. He was appointed to the Board by Mayor Garcetti in July

2013 and acts as Chair of the City Council's Transportation Committee and as Vice Chair of the Metro Exposition Line Construction Authority. Previously, Mr. Bonin served as chief deputy to former Councilmember Bill Rosendahl. In that role, he was an alternate member on the Board of the Metro Exposition Line Construction Authority and a Co-Chair of the North Runway Safety Advisory Committee. He has also served as district director for U.S. Congresswoman Jane Harman and deputy chief of staff for Councilmember Ruth Galanter and is co-founder and program director of Camp Courage, a training program for LGBT community organizers. Mr. Bonin received his B.A. in U.S. History from Harvard University.

**Jacquelyn Dupont-Walker.** Ms. Dupont-Walker is the founding President of Ward Economic Development Corporation, a faith-based community development organization, and is chair of the USC Master Plan Advisory Committee where she represents the residents of the West Adams district. She was appointed to the Board by Mayor Garcetti in July 2013 and is involved in numerous other civic organizations. She serves as the AME Church International Social Action Officer and as the Social Action Chair of Delta Sigma Theta Century City.

**John Fasana.** Mr. Fasana has served on the Duarte City Council since 1987, and served as Mayor of the City of Duarte in 1990, 1997, 2004, and 2009. Mr. Fasana was selected by the Los Angeles County City Selection Committee and has represented the San Gabriel Valley Sector on the Board since its inception in 1993. Mr. Fasana serves as Chair of the San Gabriel Valley Council of Governments Transportation Committee and is a member of the board of the Metro Gold Line Foothill Extension Construction Authority. Mr. Fasana has worked 30 years with Southern California Edison and is a graduate of Whittier College with a Bachelor of Arts in Business Administration.

**Robert Garcia.** Dr. Robert Garcia is the Mayor of Long Beach and represents the Southeast Long Beach Sector. He holds a master's degree in Communication Management from the University of Southern California and a baccalaureate degree in Communication Studies from California State University, Long Beach. As Vice Mayor and First District Councilmember, a position he held from 2009-2014, Dr. Garcia served as the Chair of the Long Beach Public Safety Committee and the Long Beach Housing Authority, and on both the Federal Legislative and State Legislative Council Committees. He also served on the California Coastal Commission from January 2013 until taking office as Mayor of Long Beach.

**Janice Hahn.** Ms. Hahn serves on the Los Angeles County Board of Supervisors representing the Fourth Supervisorial District, having been elected in November 2016. She previously served in Congress as the representative for California's 44th congressional district (2013-2016) and 36th congressional district (2011-2012). Before she was elected to Congress in 2011, Ms. Hahn served eight years on the Los Angeles City Council representing the Harbor Area, District 15. Prior to her career in public service, Hahn worked in the private sector. She attended Abilene Christian University in Texas, earning a Bachelor of Science in education in 1974. She taught at the Good News Academy, a private school in Westchester from 1974 to 1978. Her other work in the private sector has included Public Affairs Region Manager at Southern California Edison from 1995 to 2000, Vice President for Prudential Securities in Public Finance, Director of Community Outreach for Western Waste Industries, and Director of Marketing for the Alexander Haagen Company.

**Paul Krekorian.** Mr. Krekorian was elected to the Los Angeles City Council to represent the Second District in 2009 and was re-elected in 2011 and 2015. He was appointed to the Board by Mayor Garcetti in July 2013. Prior to his election to the Los Angeles City Council, he represented California's 43rd Assembly District in the California State Assembly for three years. Prior to being elected to public office, Mr. Krekorian served as President of the Burbank Board of Education and practiced law. He



attended the University of Southern California and received his Juris Doctor from the University of California, Berkeley, School of Law.

***Ara Najarian.*** Mr. Najarian was elected to the Glendale City Council in April of 2005 and re-elected in 2009, 2013 and 2017; he served as Mayor from 2007 to 2008 and 2010 to 2011. He was selected to the Board in 2006 by the Los Angeles County City Selection Committee to represent the North County/San Fernando Valley Sector. He served as LACMTA Chairman from 2009-2010. He is past Chair of the Glendale Housing Authority and previously served as Chair of the Glendale Redevelopment Agency. He was elected to serve on the Glendale Community College Board of Trustees from 2003 to 2005. Mr. Najarian was Chair of the Glendale Transportation and Parking Commission. Mr. Najarian also serves on Metrolink's Board of Directors. Mr. Najarian has been an attorney in private practice in Glendale for over 25 years. He attended Occidental College where he received a Bachelor of Arts in Economics and later earned his Juris Doctor from University of Southern California School of Law.

***Mark Ridley-Thomas.*** Mr. Ridley-Thomas was elected to the Board representing the Second Supervisorial District in November 2008 and was reelected in June 2012 and June 2016. Previously, he served as a California State Senator, 26th District, 2006 to 2008, and chaired the Senate Committee on Business, Professions and Economic Development. Mr. Ridley-Thomas was first elected to public office in 1991, serving on the Los Angeles City Council for nearly a dozen years during which time he sat on the Board. He later served two terms in the California State Assembly, where he chaired the Committee on Jobs, Economic Development and the Economy and the Assembly Democratic Caucus. He earned a baccalaureate degree in Social Relations, minor in Government, and a master's degree in Religious Studies (concentration in Christian Ethics) from Immaculate Heart College. Mr. Ridley-Thomas received his Ph.D. in Social Ethics and Policy Analysis from the University of Southern California.

***Hilda L. Solis.*** Ms. Solis was elected to the Board representing the First Supervisorial District in 2014. Prior to her election to the Board, Ms. Solis was confirmed as U.S. Secretary of Labor on February 24, 2009, becoming the first Latina to serve in the United States Cabinet. Prior to confirmation as Secretary of Labor, Secretary Solis represented the 32nd Congressional District in California, a position she held from 2001 to 2009. Solis graduated from California State Polytechnic University, Pomona, and earned a Master of Public Administration from the University of Southern California. A former federal employee, she worked in the Carter White House Office of Hispanic Affairs and was later appointed as a management analyst with the Office of Management and Budget in the Civil Rights Division.

***John Bulinski, Ex-Officio Member.*** Mr. Bulinski is the District Director of the California Department of Transportation (Caltrans) for District 7 encompassing Los Angeles and Ventura counties. He oversees transportation systems in a dynamic region that boasts 25 percent of California's population, an annual construction program of more than \$2 billion, and some of the most innovative solutions to moving people and goods through southern California. Prior to this position he was the District Director for Caltrans District 8 covering Riverside and San Bernardino Counties. He received his Bachelor of Science degree in Environmental Resource Engineering from Humboldt State University and is a California State Registered Professional Engineer.

## **Management**

***General.*** The management of LACMTA is carried out under the direction of its Chief Executive Officer, who performs any duties delegated to him or her by the Board. The Board also appoints a General Counsel, Inspector General, Chief Ethics Officer and Board Secretary. The Chief Executive Officer serves at the pleasure of the Board, as do the General Counsel, Inspector General, Chief Ethics Officer and Board Secretary. Certain of LACMTA's executives and a brief biography of each executive are provided below.

**Chief Executive Officer.** Phillip A. Washington became Chief Executive Officer in May 2015. Prior to his appointment as Chief Executive Officer, Mr. Washington served as General Manager of the Denver Regional Transportation District (“RTD”). Mr. Washington served in that position since December 2009, with previous service as Interim General Manager since June 2009 and Assistant General Manager, Administration since 2000. Mr. Washington is credited with completing the Eagle P3 project, a \$2.2 billion public-private partnership that built RTD’s East Rail Line, a commuter rail from Denver International Airport to downtown Denver. Mr. Washington was a highly decorated 24-year military professional, having attained the highest military noncommissioned officer rank, that of Command Sergeant Major, E-9, before retiring from service in June 2000. He began his military career in Air Defense Artillery units and served in virtually every noncommissioned officer leadership role. He has also been a distinguished project manager, strategic planner, contract representative, human resource director, trainer and budget technician. Mr. Washington received a Bachelor of Arts degree in Business Administration from Columbia College and a master’s degree in Management from Webster University.

**Chief Financial Officer.** Nalini Ahuja was appointed as Executive Director, Finance and Budget in February 2014 (renamed Chief Financial Officer in July 2016). Prior to her appointment as Executive Director, Finance and Budget, Ms. Ahuja served as LACMTA’s Executive Director, Office of Management, Budget & Local Programming from 2010 to 2012, at which point her duties were expanded to include oversight of LACMTA’s Transit Access Pass (“TAP”) operations. As Chief Financial Officer, she is responsible for oversight of LACMTA’s Office of Management, Budget, Local Programming & TAP operations and the agency’s Financial Services including accounting and treasury functions. She has also served LACMTA as Director, Countywide Planning; Transportation Manager V, Local Programming; Acting Budget Director, Office of Management & Budget; and Project Manager, South Bay Area Team. Ms. Ahuja began her career with LACMTA’s predecessor, the Los Angeles County Transportation Commission, in 1986, as a technical and administrative analyst, which led to her position as Project Manager with the South Bay Area Team in 1990. Ms. Ahuja earned a bachelor’s degree in Economics from Miranda House, University of Delhi as well as a master’s degree in Economics from Delhi School of Economics and a master’s degree in Urban Planning from UCLA.

**Treasurer.** Donna R. Mills was appointed Treasurer in July 2013, following her appointment to Interim Treasurer in January 2013. Ms. Mills previously served LACMTA as Assistant Treasurer beginning in April 2001, and as Senior Investment Manager beginning in December 1995. As Treasurer, she is responsible for directing LACMTA’s investment management and debt management programs. Prior to joining LACMTA, Ms. Mills served as a Financial Planning Administrator and as Cash Manager for Pacific Enterprises. She also worked as a Banking Analyst and as a Research Assistant for the Federal Reserve Bank of Philadelphia. Ms. Mills received a Bachelor of Arts in Economics and Sociology from the University of Pennsylvania and an MBA from the University of California, Berkeley.

## **Public Transportation Services Corporation**

In December 1996, LACMTA created the Public Transportation Services Corporation (“PTSC”), a nonprofit public benefit corporation organized under the laws of the State. PTSC was created in order to transfer certain functions, then performed by LACMTA, and the employees related to those functions, to this new corporation. The purpose of PTSC is to conduct essential public transportation activities including but not limited to the following: (a) to coordinate multimodal multi-jurisdictional transportation planning; (b) to program federal, State and local funds for transportation projects County-wide within the County; (c) to oversee construction; (d) to provide certain administrative services to the Los Angeles County Service Authority for Freeway Emergencies and the Southern California Regional Rail Authority; (e) to provide administrative support and security services for the foregoing and to the operation of LACMTA’s bus and rail system; and (f) such other activities and services as it deems necessary. One

advantage of PTSC is that it allows its employees, including those transferred from LACMTA, to participate in the California Public Employees Retirement System.

## TRANSPORTATION SERVICES

LACMTA is a multi-faceted transportation agency responsible for the coordination of transportation policy, funding and planning within the County as well as the development and operation of bus, light rail and heavy rail within the greater Los Angeles region. This breadth of services distinguishes LACMTA from other transportation agencies across the country.

### Bus System

LACMTA operates the second largest bus system in the United States. LACMTA provides bus service within its service area in the County and to portions of Orange and Ventura Counties, operating a vehicle fleet of approximately 2,300 buses. LACMTA's bus system covers over 160 routes and serves approximately 14,000 bus stops, including two premium bus rapid transit dedicated busways. System-wide, LACMTA buses provide approximately 6.4 million revenue service hours annually with an average of approximately 870,000 weekday boardings on a system-wide basis for the fiscal quarter ended September 30, 2018 and total boardings of 69 million for the fiscal quarter ended September 30, 2018, including Orange Line busway ridership. In addition, LACMTA contracts with outside service providers, with approximately 40,000 average weekday boardings for the fiscal quarter ended September 30, 2018. Virtually all of LACMTA's bus fleet is composed of compressed-natural gas ("CNG") powered buses. As of September 1, 2018, the average age of LACMTA's bus fleet was approximately 8.84 years. At the October 27, 2016 Board meeting, the Board approved a motion calling for staff to draw up plans to fully electrify LACMTA's Orange Line by 2020. LACMTA received a \$4.3 million grant from the US Department of Transportation to partially fund the acquisition of five new 60-foot electric buses and eight new charging stations to be utilized on the Orange Line. In July, 2017, the LACMTA Board approved the purchase of approximately 95 electric buses to be added to its fleet and committed to converting the entire fleet to zero emission vehicles by 2030.

***Metro Rapid Bus.*** In June 2000, LACMTA launched the Metro Rapid Demonstration Program ("Metro Rapid"). Initially, Metro Rapid consisted of two lines—one along Ventura Boulevard in the San Fernando Valley and the other along the Wilshire/Whittier transit corridor. In September 2002, based on the success of Metro Rapid, the Board adopted the Metro Rapid Five-Year Implementation Plan that identified additional Metro Rapid corridors to be implemented through Fiscal Year 2007-08. All of the 25 Metro Rapid corridors are now operating, covering approximately 400 miles in the City of Los Angeles, the County and 34 other cities. In addition to LACMTA, Santa Monica's Big Blue Bus, Culver City Bus and Torrance Transit operate Metro Rapid. The Metro Rapid Program provides fast, frequent regional bus service throughout the County. Key features of the Metro Rapid Program include simple route layouts, frequent service, fewer stops, low-floor buses to facilitate boarding and alighting, color-coded buses and stations, and traffic signal priority.

***Metro Orange Line.*** The Metro Orange Line is a 14-mile Bus Rapid Transit service that operates along an exclusive right-of way and transports thousands of commuters between Warner Center in the west San Fernando Valley to the Metro Red Line subway station in North Hollywood. The Metro Orange Line buses operate in exclusive lanes along a 13-mile stretch of LACMTA-owned right-of-way and one mile in mixed flow traffic on public streets. The Metro Orange Line has 14 stations, each located roughly one mile apart, with park and ride facilities at seven stations providing approximately 4,700 parking spaces. The Metro Orange Line Extension Project, which opened in June 2012, extended the Orange Line four-miles north from the Canoga park-and-ride lot to the Chatsworth Amtrak/Metrolink Station.

## Highway System

The High Occupancy Vehicle (“HOV”) lane program is a cooperative effort between Caltrans and LACMTA, and is funded through a combination of federal, State and local resources. As part of a congestion reduction demonstration program, LACMTA converted I-10 and I-110 High Occupancy Vehicle (“HOV”) Lanes to High Occupancy Toll (“HOT”) Lanes and provide the choice for drivers of single occupant vehicles to pay to travel in a high occupancy lane, based on congestion pricing. The general purpose lanes on these highways are not tolled. This program also includes improvements to the transit service along the freeways, transit facility improvements and increased funding for vanpools. In March 2017, the LACMTA Board approved a plan to convert additional existing HOV lanes to HOT Lanes (also known Express Lanes) in phases over the next 30 years. LACMTA also provides highway construction funding and traffic flow management.

## Rail System

**General.** In 1992, the Commission developed a comprehensive rail rapid transit system development plan (the “Rail System”) which has been revised from time to time. The Rail System currently consists of four light rail lines: the Metro Blue Line, the Metro Green Line, the Metro Gold Line (including the Gold Line Eastside Extension) and the Exposition Line; and two heavy rail lines: Metro Red Line and the Metro Purple Line. The Rail System covers 105 miles and serves 93 stations, with weekday estimated ridership of more than 350,000.

**Metro Blue Line.** The Metro Blue Line is an approximately 22 mile light rail line that extends from downtown Los Angeles, where it links to the Metro Red Line, to the City of Long Beach. The Metro Blue Line passes through portions of the cities of Los Angeles, Long Beach, Compton, Carson and other cities, and certain unincorporated areas of the County. The Metro Blue Line consists of a dual-track line with 22 stations, with a fleet of 54 articulated rail cars and a primary maintenance facility (which also supports vehicles from the Metro Green Line) and yard located in Long Beach adjacent to the Long Beach Freeway with a storage and maintenance capacity of 89 vehicles. Passenger service began in July 1990. The Metro Blue Line had estimated ridership of approximately 4.8 million for the fiscal quarter ended September 30, 2018.

**Metro Green Line.** The Metro Green Line is a 19.5-mile light rail line linking the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk near the San Gabriel River Freeway. The Metro Green Line has 14 stations including a station that intersects the Metro Blue Line and one that provides passenger connections to the Harbor Freeway Transitway, an elevated busway developed by Caltrans. The Metro Green Line began operations in August 1995, and had estimated ridership of approximately 2.3 million for the fiscal quarter ended September 30, 2018.

**Metro Gold Line.** The Metro Gold Line is a 13.7-mile light rail line which extends from downtown Los Angeles (where it links to the Metro Red Line) to the City of Pasadena. The Metro Gold Line consists of a dual-track line with 13 stations. The Metro Gold Line began operations in July 2003. The Gold Line Eastside Extension, which opened in November 2009, is a six-mile, dual track light rail system with eight new stations and one station modification. The system originates at Union Station in downtown Los Angeles, where it connects with the Metro Gold Line, traveling generally east to Pomona and Atlantic Boulevards through one of the most densely populated areas of the County. In March 2016, service began on an 11-mile extension of the Gold Line from Pasadena to Azusa. Estimated ridership for the entire Metro Gold Line was approximately 3.9 million for the fiscal quarter ended September 30, 2018.

The Metro Gold Line is being further extended as discussed below under “FUTURE TRANSPORTATION PROJECTS – *Gold Line Foothill Extension.*”

***Exposition Line.*** The Exposition Line is an approximately 15 mile long light rail line that runs from downtown Los Angeles to Santa Monica along the Exposition Boulevard corridor. The first portion of the Exposition Line opened in June 2012 and extended approximately 8.6 miles from downtown Los Angeles to Culver City. The second portion, which began revenue operations in May 2016, extends 6.6 miles westward from Culver City to downtown Santa Monica and added seven stations to the Exposition Line. Estimated ridership for the Exposition Line was approximately 4.9 million for the fiscal quarter ended September 30, 2018.

***Metro Red Line and Metro Purple Line.*** The Metro Red Line and Metro Purple Line were designed as state-of-the-art, modern heavy rail subway lines comparable to transit systems in San Francisco, Atlanta and Washington, DC. The Metro Red Line and Metro Purple Line are dual-rail steel-wheeled, high speed rapid subway systems that originally were to consist of a 19.7 mile 18-station line that was to connect the Los Angeles central business district to the San Fernando Valley, through the Wilshire Corridor and Hollywood, and to East Los Angeles through Union Station. However, due to the “Metropolitan Transportation Authority Reform and Accountability Act of 1998” (the “Act of 1998”) and federal and State funding shortfalls, the development of the Metro Red Line and the Metro Purple Line were significantly reduced, including the indefinite suspension of certain of the extensions. The Act of 1998 prohibits LACMTA from utilizing any of the Proposition A Sales Tax or the Proposition C Sales Tax revenues for the costs of planning, design, construction or operation of any new subway, including debt service on any obligations issued for such purposes after March 30, 1998. However, the Act of 1998 did not prohibit LACMTA from continuing the construction of the Metro Red Line and the Metro Purple Line as long as such design, construction and operation are paid from other funds.

The Metro Red Line was constructed in segments. Segment 1 from Union Station to Alvarado Street opened in January 1993. Segment 2 extended west from Alvarado Street to Vermont Avenue where it branches north to Hollywood Boulevard/Vine Street and west to Wilshire Boulevard/Western Avenue. The west branch became operational in July 1996 and was renamed the Purple Line in August 2006. Segment 3 extending the north branch from Hollywood/Vine to North Hollywood opened in June 2000. The Red Line is 14.9 miles long with 14 stations. LACMTA is in the process of extending the Metro Purple Line from its current terminus at Wilshire/Western to the westside of Los Angeles. This project is described under “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” below. Estimated ridership for the entire Metro Red and Purple Lines was approximately 10.8 million for the fiscal quarter ended September 30, 2018.

***Commuter Rail.*** The Southern California Regional Rail Authority (“SCRRA”) oversees commuter rail services in the region that includes Los Angeles, Riverside, Ventura, Orange, San Bernardino and San Diego Counties. SCRRA operates the Metrolink system, which consists of seven lines totaling 512 miles and 55 stations and is primarily geared toward providing commuter rail service from outlying communities to downtown Los Angeles. Average weekday boardings were approximately 39,000 for the first quarter of Fiscal Year 2018. LACMTA is the Los Angeles County participant in SCRRA and contributes funds to SCRRA. Other participants include the Orange County Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Association of Governments and the Ventura County Transportation Authority.

### **Transit System Enterprise Fund**

LACMTA accounts for the revenues and expenses of its transit system as an enterprise fund, separate from accounting of its governmental funds, such as the Proposition A, Proposition C, Measure R

and Measure M Sales Tax revenues. See “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.” As indicated in Appendix B and as is generally true with large transit systems, the operating expenses for LACMTA’s transit system greatly exceed operating revenues. The Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues are a primary source of funding for the transit system. Additionally, LACMTA relies heavily on other local, State and federal sources to pay for operating expenses and capital improvements. LACMTA is currently undertaking future transit improvements to the transit system, which require substantial investment and increase operating costs. As the system expands, LACMTA is committed to looking for additional revenue sources, to re-prioritize existing and new programs, and to regularly reassessing the service provided to minimize duplication and improve efficiency. Proposition C Sales Tax revenues are available to pay operating expenses only after debt service on the Senior Bonds and certain other amounts are paid. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Flow of Funds.”

## **FUTURE TRANSPORTATION IMPROVEMENTS**

LACMTA, as the State-designated planning and programming agency for the County, identifies future transportation needs and transportation funding and construction priorities in the County. LACMTA prepares a Long Range Transportation Plan that identifies the costs of major transportation projects and the anticipated funding sources. See “RISK FACTORS” in the front part of this Official Statement.

### **Capital Planning**

In October 2009, the Board approved a 2009 Long Range Transportation Plan (“2009 LRTP”) which updated the prior Long Range Transportation Plan. LACMTA’s capital program is built on two major planning documents, the Long Range Transportation Plan, which has a 40-year vision and a financial forecast component that is [updated annually], most recently updated in October, 2017 (as updated, the “LRTP Financial Forecast”), and the Short Range Financial Forecast, a ten-year plan last updated in 2018 and guiding capital investment through 2028. These plans incorporate the mix of projects approved by voters in concert with the four sales tax measures that fund a large share of Metro’s operations and capital programs. Annually, LACMTA’s Office of Management and Budget reviews the projects called for in the LRTP Financial Forecast and the Short Range Financial Forecast, and prepares a proposed budget recommending project appropriations as part of the annual Capital Program, which is incorporated within the overall annual agency budget.

The LRTP Financial Forecast reflects LACMTA’s assessment of growth patterns, regional congestion, strategies to improve local air quality, transit-oriented development, the latest technical assumptions and climate change issues (as determined in the 2009 LRTP), and incorporates Measure R and Measure M projects, including the funding provisions in each of the sales tax ordinances. In addition to the annual update of the LRTP Financial Forecast, the 2009 LRTP is being updated and a new Long Range Transportation Plan is expected to be adopted by 2020.

The Short Range Financial Forecast reflects LACMTA’s financial plan for operations and capital investments into the transit system and identifies a funding strategy from future transportation revenues. The Short Range Financial Forecast includes a financial baseline that addresses LACMTA’s current and known future operations, maintenance and capital financial commitment under a set of growth assumptions.

The LRTP Financial Forecast and the Short Range Financial Forecast are the guiding policies behind funding decisions on subsequent transportation projects and programs in the County and guides the programming of funds in the federally-mandated transportation improvement program (“TIP”). The TIP includes a listing of all transportation-related projects that require federal funding or other approval by the federal transportation agencies of USDOT. The TIP also lists non-federal, “regionally significant” projects for informational and air quality modeling purposes. Major capital projects and programs that are identified in the LRTP Financial Forecast and Short Range Financial Forecast have priority for future programming of funds. While these projects and programs require further Board approval at various stages of their development, they are priorities for further planning, design, construction and the pursuit of additional funding.

The Short Range Financial Forecast, and the subsequent updated financial forecasts include projections of debt financing by LACMTA composed of a combination of Proposition A, Proposition C, Measure R and Measure M secured debt. The Short Range Financial Forecast updates the assumptions about debt issuance and assumes approximately \$[ ] billion in new debt financing from Fiscal Year 2019 through Fiscal Year 2028, not including the TIFIA loans described under “—Transit Projects” below. The Short Range Financial Forecast assumes the funding of approximately \$[ ] million, \$[ ] million, \$[ ] billion, and \$[ ] billion through the issuance of additional Proposition A First Tier Senior Lien Bonds, Proposition C Senior Bonds, Measure R Senior Bonds, and Measure M Senior Bonds respectively, from Fiscal Year 2019 through Fiscal Year 2028. The Short Range Financial Forecast also identifies bond issuances from Fiscal Year 2019 through Fiscal Year 2057 of approximately \$[ ] billion, of which approximately \$[ ] billion is projected to be Proposition C Senior Bonds.

The Long Range Transportation Plan, the LRTP Financial Forecast and the Short Range Financial Forecast are planning tools and therefore the timing and amount of any debt issuance is likely to change. The actual amount and timing of any debt issuance depends on a number of factors including the actual scope, timing and cost of transportation projects, the ability to obtain funding from other sources and the amount of Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues available to fund the projects in the LRTP Financial Forecast and the Short Range Financial Forecast.

## **Transit Projects**

LACMTA has several major transit projects in planning and under construction: the Crenshaw/LAX Transit Project, the Regional Connector and the Westside Purple Line Extension.

***Crenshaw/LAX Transit Project.*** The Crenshaw/LAX Transit Project is a north/south corridor that serves the cities of Los Angeles, Inglewood, Hawthorne and El Segundo as well as portions of unincorporated Los Angeles County. The line extends 8.5 miles, from the intersection of Crenshaw and Exposition Boulevards to a connection with the Metro Green Line at the Aviation/LAX Station. The total project budget is currently \$2.058 billion. The costs of the project are expected to be paid from Measure R Sales Tax revenues, Proposition A Sales Tax revenues, Proposition C Sales Tax revenues, other local sources, and federal and State sources. The project has received a \$545.9 million TIFIA loan, which is to be repaid from available Measure R Sales Tax. LACMTA has drawn the full amount of such TIFIA loan.

***Regional Connector.*** The Regional Connector is a 1.9-mile light rail line with three underground stations in downtown Los Angeles. The Project will provide a direct connection from the 7th/Metro Center Station to the existing Metro Gold Line tracks to the north and east of 1st and Alameda. This connection will provide through service between the Metro Blue Line, Metro Gold Line and Metro Exposition Line corridors. The total project budget is currently \$1.77 billion. LACMTA has been awarded a \$669.9 million federal grant for the Regional Connector project. Additionally, the project has received a \$160 million TIFIA loan, which is to be repaid from Measure R Sales Tax revenues. As of

January 1, 2019, LACMTA has drawn down \$117.8 million of the TIFIA loan proceeds. The remaining project costs are expected to be paid from other Federal, State and local sources (other than Proposition C Sales Tax Revenues).

***Westside Purple Line Extension.*** The Westside Purple Line Extension (the “Purple Line Extension”) is an extension of the Metro Purple Line from its current terminus at Wilshire/Western to the westside of Los Angeles. The Board has certified the Final Environmental Impact Report and has adopted the project definition for the nine-mile Purple Line Extension. The Purple Line Extension currently is planned to be constructed in three sections.

Section 1 is currently under construction and extends the existing Metro Purple Line by 3.92 miles beginning at the Wilshire/Western Station and adds three stations to the Phase 1 terminus at Wilshire/La Cienega. The total budget for Section 1 of the Purple Line Extension is \$2.53 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.25 billion federal grant and has entered into an agreement for an \$856 million TIFIA loan, to be repaid from Measure R Sales Tax revenues, with respect to Section 1 of the Purple Line Extension. As of January 1, 2019, LACMTA had drawn down \$340.6 million of such TIFIA loan proceeds. The remaining project costs for Section 1 are expected to be paid from Measure R Sales Tax revenues, State sources and other local sources (other than Proposition C Sales Tax Revenues).

Section 2 of the Purple Line Extension is located entirely underground, primarily following Wilshire Boulevard, and includes the design and construction of approximately 2.59 miles of double-track heavy rail and two new stations. The estimated total project cost is \$2.26 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.187 billion federal grant and has entered into an agreement for a TIFIA loan for \$307 million to be repaid from Measure R Sales Tax revenues. As of January 1, 2019, LACMTA had drawn down \$207 million of such TIFIA loan proceeds. The remaining project costs for Section 2 are expected to be paid from Measure R Sales Tax revenues, other Federal sources, and State sources.

Section 3 of the Purple Line Extension is planned to extend 2.59 miles from Section 2 terminus at Century City to Westwood and add two stations. Currently, estimated project cost is \$3.66 billion, excluding finance costs and unallocated contingency.

***Gold Line Foothill Extension.*** LACMTA is extending the Metro Gold Line 12.3 miles from Azusa to Claremont. LACMTA is currently working with the Gold Line Foothill Extension Construction Authority (“GLFECA”), an independent transportation planning and construction agency created in 1999. The GLFECA is tasked with designing and constructing the line. Once built, LACMTA will operate it in conjunction with existing LACMTA rail services. The total project budget for the extension is \$1.4 billion. Project costs are expected to be paid primarily from Measure M Sales Tax Revenues. In addition, the San Bernardino Associated Governments has requested that an additional station in Montclair be added to the plans for this second phase if this occurs, the extension to Montclair and the Montclair station would be funded by San Bernardino County, not by LACMTA.

## **LABOR RELATIONS**

### **General**

As of October 15, 2019, LACMTA had approximately 9,974 employees, of which approximately 85% are covered by labor agreements. Full and part-time LACMTA bus and train operators are represented by the Sheet Metal, Air, Rail, Transportation, Transportation Division (formerly UTU) (“SMART-TD”); LACMTA mechanics and service attendants are members of the Amalgamated Transit



Union (“ATU”); LACMTA clerks are members of the Transportation Communications Union (“TCU”); bus and rail transportation and maintenance supervisors are members of the American Federation of State County and Municipal Employees (“AFSCME”); and LACMTA security guards are members of the Teamsters Union. The following table summarizes the number of employees covered by the labor agreements of LACMTA with each of its employee bargaining units as of March 1, 2018 and the current expiration dates of the labor agreements. In July 2017, LACMTA signed five new contracts with our labor unions, the longest contracts in LACMTA’s history. Most of these contracts provide for annual salary increases of 4.2% over the five year life of the contracts.

<b>Employee Bargaining Unit</b>	<b>Number of Employees</b>	<b>Contract Expiration Date</b>
United Transportation Union (Sheet Metal, Air, Rail and Transportation Division)	4,224	06/30/22
Amalgamated Transit Union	2,461	06/30/22
Transportation Communications Union	876	06/30/22
Am. Fed. of State, County and Municipal Employees	787	06/30/22
Teamsters Union	151	06/30/22

### **Defined Benefit Pension Plan**

LACMTA has a single-employer public employee retirement system that includes five defined benefit plans (the “Plans”) that cover substantially all employees (except PTSC employees) and provides retirement, disability, and death benefits. The benefit provisions and all other requirements are established by State statute, ordinance, collective bargaining agreements or Board actions. Four of the Plans are restricted to specific union members, while the fifth provides benefits to non-represented employees and to members of the Teamsters Union. In addition, LACMTA provides pension benefits to most PTSC employees through a defined benefit plan administered by the California Public Employees’ Retirement System (“PERS”), a multiple-employer pension system. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. For a description of these defined benefit plans and LACMTA’s obligations to make contributions to these plans, see [“Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans”] in the Notes to the Financial Statements and related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

### **Other Post-Employment Benefits**

LACMTA provides post-employment health care and life insurance benefits for retired employees and their families. Pursuant to Governmental Accounting Standards Board Pronouncement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB),” LACMTA is required to account for its expenses and a portion of the present value of future expenses related to these benefits. For a description of these benefits, LACMTA’s obligations to account for certain projected future costs of these benefits and other matters regarding these benefits, see “Note III—DETAILED NOTES ON ALL FUNDS—J. Other Postemployment Benefits (OPEB)” in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

## OUTSTANDING DEBT

### General

In addition to obligations issued by LACMTA that are secured by Proposition C Sales Tax, LACMTA has issued debt secured by the Proposition A Sales Tax, the Measure R Sales Tax, and other revenues of LACMTA, and may issue additional obligations so secured upon satisfaction of certain additional bonds tests in the applicable trust agreements governing such debt. See “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” above. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” in the front part of this Official Statement for a discussion of obligations secured by the Proposition C Sales Tax.

### Debt and Interest Rate Swap Policies

In March 2018, the Board approved an updated Debt Policy for LACMTA (the “Debt Policy”). The Debt Policy sets forth guidelines for the issuance and management of LACMTA’s debt. Among other things, the Debt Policy sets forth allowable uses of debt and debt policy maximums. It requires LACMTA to develop a capital improvement plan which includes the capital projects LACMTA plans to undertake in future years. The Debt Policy also sets forth guidance on the type of debt that may be incurred by LACMTA (e.g., long-term versus short-term), the source of payment for such debt, and other factors to be considered when incurring debt.

In April 2015, the Board approved an updated Interest Rate Swap Policy for LACMTA (the “Swap Policy”). The Swap Policy includes guidelines to be used by LACMTA when entering into interest rate swaps and management practices that address the special risks associated with interest rate swaps. The Swap Policy requires that LACMTA evaluate the risks, on an ongoing basis, of existing interest rate swaps. As of the date of this Official Statement, LACMTA has no interest rate swaps.

### Proposition A Sales Tax Obligations

**General.** Obligations of LACMTA payable from the Proposition A Sales Tax consist of sales tax revenue bonds, commercial paper notes and other agreements. As of the date of this Official Statement, LACMTA has priority levels of obligations for Proposition A Sales Tax revenues: its First Tier Senior Lien Bonds, its Second Tier Obligations (there are no Second Tier Obligations outstanding) and its Third Tier Obligations (which include the Proposition A Commercial Paper Notes). LACMTA has incurred other obligations which are secured by certain “remaining” Proposition A Sales Tax cash receipts.

**First Tier Senior Lien Bonds.** LACMTA had the following Proposition A First Tier Senior Lien Bonds outstanding as of January 1, 2019.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A First Tier Senior Sales Tax Revenue Bonds  
(Outstanding as of January 1, 2019)**

<b>Proposition A First Tier Senior Sales Tax Revenue Bonds<sup>1</sup></b>	<b>Outstanding Principal Amount</b>
Senior Sales Tax Revenue Refunding Bonds, Series 2018-A	\$13,890,000
Senior Sales Tax Revenue Bonds, Series 2017-A (Green Bonds)	471,395,000
Senior Sales Tax Revenue Refunding Bonds, Series 2017-B	85,455,000
Senior Sales Tax Revenue Refunding Bonds, Series 2016-A	153,565,000
Senior Sales Tax Revenue Refunding Bonds, Series 2015-A	23,075,000
Senior Sales Tax Revenue Refunding Bonds, Series 2014-A	117,885,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-A	173,825,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-A	43,600,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-A	104,605,000
<b>Total</b>	<b>\$1,187,295,000</b>

<sup>1</sup> The Proposition A First Tier Senior Lien Bonds are payable from, and secured by a prior first lien on, Proposition A Sales Tax revenue.  
Source: LACMTA.

**Second Tier Obligations.** There are no Proposition A Second Tier Obligations outstanding, nor are any additional Second Tier Obligations currently expected to be issued.

**Third Tier Obligations.** LACMTA is authorized to issue and have outstanding, at any one time, up to \$350,000,000 aggregate principal amount of its Proposition A commercial paper notes (the “Proposition A Commercial Paper Notes”). As of January 1, 2019, \$105,000,000 aggregate principal amount of Proposition A Commercial Paper Notes were outstanding. The Proposition A Commercial Paper Notes are payable from Proposition A Sales Tax revenues on a subordinate basis to the Proposition A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations. The Proposition A Commercial Paper Notes can only be issued and outstanding if they are supported by a letter of credit.

The Proposition A Commercial Paper Notes are supported by three letters of credit (the “Proposition A CP Letters of Credit”) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch, MUFG Union Bank, N.A., and Citibank, N.A. LACMTA’s reimbursement obligations with respect to the Proposition A CP Letters of Credit are payable from Proposition A Sales Tax revenues on parity with the Proposition A Commercial Paper Notes and on a subordinate basis to the Proposition A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations. The following table sets forth certain terms of the Proposition A CP Letters of Credit.

## Proposition A CP Letters of Credit

<u>Letter of Credit Provider</u>	<u>Amount of Letter of Credit</u>	<u>Issuance Date</u>	<u>Expiration Date</u>
Sumitomo Mitsui Banking Corporation, acting through its New York Branch	\$124,999,176 <sup>1</sup>	March 8, 2016	March 7, 2019
MUFG Union Bank, N.A.	74,999,724 <sup>2</sup>	March 8, 2016	March 7, 2019
Citibank, N.A.	149,999,448 <sup>3</sup>	August 17, 2017	August 14, 2020

<sup>1</sup> Supports \$114,808,000 of principal and \$10,191,176 of interest.

<sup>2</sup> Supports \$68,885,000 of principal and \$6,114,724 of interest.

<sup>3</sup> Supports \$137,770,001 of principal and \$12,229,447 of interest.

Source: LACMTA

The Proposition A Commercial Paper Notes and the reimbursement obligations with respect to the Proposition A CP Letters of Credit constitute “Proposition A Third Tier Obligations,” and are payable from Proposition A Sales Tax revenues on a subordinate basis to the Proposition A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations described above.

### Measure R

**General.** LACMTA has three priority levels of obligations secured by the Measure R Sales Tax: the senior lien (which currently secures its Measure R Senior Sales Tax Revenue Bonds), the subordinate lien (which currently secures its Measure R Subordinate Obligations), and the junior subordinate lien (which currently secures three TIFIA loans).

**Measure R Senior Sales Tax Revenue Bonds.** On November 16, 2010, LACMTA issued \$732,410,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2010-A and Series 2010-B (the “Series 2010 Measure R Senior Bonds”) to finance certain transportation projects. These bonds are payable from the Measure R Sales Tax. On November 30, 2016, LACMTA issued \$522,120,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2016-A (the “Series 2016 Measure R Senior Sales Tax Revenue Bonds,” and together with the Series 2010 Measure R Senior Bonds, the “Measure R Senior Bonds”) to finance certain transportation projects and to refund certain outstanding Measure R Subordinate Revolving Obligations (defined below). As of January 1, 2019, there was \$1,113,825,000 aggregate principal amount of Measure R Senior Sales Tax Revenue Bonds outstanding. LACMTA may incur additional senior debt secured by and payable from the Measure R Sales Tax.

**Measure R Subordinate Obligations.** On May 28, 2015, LACMTA received authorization to establish a short-term borrowing program (the “Short-Term Borrowing Program”) secured by the Measure R Sales Tax and in an aggregate principal amount not to exceed \$300,000,000. The obligations issued under the Short-Term Borrowing program are payable from the Measure R Sales Tax revenues on a subordinate bases to the Measure R Senior Bonds.

Under the Short-Term Borrowing Program, LACMTA may issue and have outstanding, from time to time, up to \$150,000,000 in aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Revolving Obligations (the “Measure R Subordinate Revolving Obligations”), which are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Series C Bonds (defined below), and on a senior basis to the TIFIA Loans. As of January 1, 2019, LACMTA had approximately \$65,422,743.45 in Measure R

Subordinate Revolving Obligations outstanding. The Measure R Subordinate Revolving Obligations issued by LACMTA are purchased by (i) State Street Public Lending Corporation, in a principal amount not to exceed \$100,000,000, in accordance with the terms of a revolving credit agreement (the “State Street Revolving Credit Agreement”), and (ii) Bank of the West, in a principal amount not to exceed \$50,000,000, in accordance with the terms of a revolving credit agreement (the “Bank of the West Revolving Credit Agreement,” and together with the State Street Revolving Credit Agreement, the “Measure R Subordinate Revolving Credit Agreements”). The Measure R Subordinate Revolving Obligations bear interest at variable rates determined pursuant to the terms of the Measure R Subordinate Revolving Credit Agreements. Except as otherwise provided in the Measure R Subordinate Revolving Credit Agreements, the principal of all Measure R Subordinate Revolving Obligations outstanding are due and payable on November 20, 2020. However, subject to the terms of the Measure R Subordinate Revolving Credit Agreements, on November 20, 2020, LACMTA can convert any outstanding Measure R Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following November 20, 2020.

The following table sets forth certain terms of the Measure R Subordinate Revolving Obligations.

**Measure R Subordinate Revolving Obligations**

<b>Revolving Obligations Bank</b>	State Street Public Lending Corporation	Bank of the West
<b>Principal Amount</b>	\$100,000,000 <sup>1</sup>	\$50,000,000 <sup>2</sup>
<b>Expiration Date</b>	November 20, 2020 <sup>3</sup>	November 20, 2020 <sup>3</sup>

<sup>1</sup> As of January 1, 2019, \$15,212,743.45 aggregate principal amount of State Street Measure R Revolving Obligations were outstanding.

<sup>2</sup> As of January 1, 2019, \$50,000,000 aggregate principal amount of Bank of the West Measure R Revolving Obligations were outstanding.

<sup>3</sup> Can be converted to term loan payable in twelve equal quarterly installments

Source: LACMTA

In addition to the Measure R Subordinate Revolving Obligations, under the Short-Term Borrowing Program, LACMTA entered into a bond purchase agreement dated November 23, 2015 with RBC Capital Markets LLC (the “Measure R Series C Underwriter”) to sell, from time to time until November 2020, up to \$150,000,000 aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable) (the “Measure R Subordinate Series C Bonds,” and together with the Measure R Subordinate Revolving Obligations, the “Measure R Subordinate Obligations”) to the Measure R Series C Underwriter, subject to the terms of such bond purchase agreement. The Measure R Series C Underwriter in turn sells the Measure R Subordinate Series C Bonds to RBC Municipal Products, LLC. The Measure R Subordinate Series C Bonds are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Revolving Obligations, and on a senior basis to the TIFIA Loans. As of January 1, 2019, LACMTA had \$210,000 aggregate principal amount of Measure R Subordinate Series C Bonds outstanding. The Measure R Subordinate Series C Bonds bear interest at variable rates. Except as otherwise provided in the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, as amended, by and between LACMTA and U.S. Bank National Association, as trustee, and the Bondholder’s Agreement, dated as of November 1, 2015, by and between LACMTA and RBC Municipal Products, LLC, the principal of all Measure R Subordinate Series C Bonds outstanding are due and payable in twelve equal quarterly installments commencing in February 2021 and ending in November 2023.

**Measure R Junior Subordinate Obligations (TIFIA Loans).** LACMTA has entered into agreements for four TIFIA loans in the aggregate principal amount of \$1,869,000,000, which will be repaid from Measure R Sales Tax revenues. As of January 1, 2019, LACMTA had drawn \$1,211,303,044 in proceeds across the four TIFIA loans and had \$1,278,108,540 currently outstanding. All four TIFIA loans are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds and the Measure R Subordinate Obligations. See “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” above for additional information on the TIFIA loans. **[Update as needed]**

## **Measure M**

LACMTA has not issued any debt secured by the Measure M Sales Tax. However, it anticipates issuing such debt in the future.

## **INVESTMENT POLICY**

### **General**

Certain features of LACMTA’s Investment Policy are summarized in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

### **Investment Balances**

As of December 31, 2018 (based on unaudited financial information), LACMTA had approximately \$[\_\_\_\_\_] billion in market value deposited in non-discretionary bond proceeds and debt service trust accounts, primarily invested in U.S. Treasury securities, Federal Agencies, money market funds, forward purchase agreements and the County of Los Angeles Pooled Surplus Investments maintained by the County of Los Angeles Treasurer and Tax Collector. LACMTA had approximately \$[\_\_\_\_\_] billion in additional non-discretionary trust accounts, primarily for pension and OPEB.

Additionally, as of December 31, 2018, LACMTA had approximately \$[\_\_\_\_\_] billion (book value) deposited in discretionary/operating accounts. Such discretionary/operating accounts were invested in the investments summarized in the following table:

<b>Discretionary/Operating Accounts Investments</b>	<b>Percentage of Total Book Value as of December 31, 2017</b>
Local Agency Investment Fund	
Bank Deposits	
Subtotal	
Managed Investments	
U.S. Treasuries	
Federal Agencies	
Corporate Notes	
Commercial Paper	
Municipal securities	
Money Market Funds	
Asset Backed Securities	
Certificates of Deposit	
Medium Term Notes	
Subtotal Managed Investments	
 Total Cash and Investments *	

\* Numbers may not add due to rounding.  
Source: LACMTA

As of December 31, 2018, the liquid reserve of the discretionary accounts, which totaled approximately \$[\_\_\_\_] million in market value, was managed internally by LACMTA and had an average maturity of [\_\_] days. LACMTA’s Investment Policy prohibits investing in reverse repurchase agreements.

Moneys released to LACMTA pursuant to the Agreement, including moneys in the discretionary/operating accounts, do not secure the Senior Bonds and LACMTA is not obligated to use such amounts to pay debt service on the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Flow of Funds.”

Additional information regarding LACMTA’s investments are included in “[Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments]” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”]

## **LITIGATION AND OTHER REGULATORY ACTIONS**

### **Sales Tax Litigation**

On April 30, 1982, the California Supreme Court, in *Los Angeles County Transportation Commission v. Richmond*, upheld the constitutionality of the Proposition A Sales Tax. On March 3, 1992, the California Court of Appeal, in *Vernon v. State Board of Equalization*, upheld the validity of the Proposition C Sales Tax.

On September 28, 1995, the California Supreme Court affirmed the California Court of Appeal’s ruling in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a half cent

sales tax by the Santa Clara County Local Transportation Authority. LACMTA does not believe such decision has any effect on the validity of LACMTA's Proposition C Sales Tax.

### **Other Litigation**

In addition to the matters described herein, various other claims have been asserted against LACMTA. In the opinion of LACMTA, none of such pending claims will materially and adversely affect LACMTA's ability to pay the principal of and interest on any of its debt obligations. [**Update as needed**]



**APPENDIX B**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

## APPENDIX C

### LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

The Proposition C Sales Tax derives from a retail transaction and use tax applicable to all taxable sales throughout Los Angeles County. As such, sales tax revenues reflect a number of economic factors that influence taxable transactions, including population, employment and income. Some of those factors are described below.

The economic and demographic information provided below has been collected from sources that LACMTA considers to be reliable. Because it is difficult to obtain timely economic and demographic information, the economic condition of Los Angeles County may not be fully apparent in all of the publicly available local and regional economic statistics provided herein. In particular, the economic statistics provided herein may not fully capture the impact of current economic conditions.

#### Los Angeles County

As of January 1, 2017, the County had an estimated population of over 10.2 million. Los Angeles County is the largest County in the country by population, and includes over a quarter of the State of California's (the "State") population. The County covers 4,084 square miles, and includes 88 incorporated cities, with approximately 9.2 million residents, as well as unincorporated communities with over one million residents.

#### Population

The table below summarizes the populations of the County and State, estimated as of January 1 of each year. The population estimates for 2010 and later incorporate 2010 Census counts as the benchmark.

**Table C-1  
COUNTY AND STATE POPULATION STATISTICS**

	<u>County of Los Angeles</u>	<u>Annual Growth Rate<sup>1</sup></u>	<u>State of California</u>	<u>Annual Growth Rate<sup>1</sup></u>
2000	9,519,330	–	33,873,086	–
2005	9,816,153	0.62%	35,869,173	1.15%
2010	9,818,605	0.00	37,253,956	0.76
2011	9,871,802	0.54	37,529,913	0.74
2012	9,949,794	0.79	37,874,977	0.92
2013	10,020,599	0.71	38,234,391	0.95
2014	10,088,458	0.68	38,568,628	0.87
2015	10,149,661	0.61	38,912,464	0.89
2016	10,180,169	0.30	39,179,627	0.69
2017	10,231,271	0.50	39,500,973	0.82
2018	10,283,729	0.51	39,809,693	0.78

<sup>1</sup> For five-year time series, figures represent average annual growth rate for each of the five years.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark. Sacramento, California, May 2018.

## Industry and Employment

The following table summarizes the average number of employed and unemployed residents of the County, based on the annual “benchmark,” an annual revision process in which monthly labor force and payroll employment data, which are based on estimates, are updated based on detailed tax records.

The California Employment Development Department has reported preliminary unemployment figures for December 2017 of 4.2% statewide and 4.2% for Los Angeles County (not seasonally adjusted).

**Table C-2**  
**ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND**  
**UNEMPLOYMENT OF RESIDENT LABOR FORCE**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Civilian Labor Force</b>					
<b>County of Los Angeles</b>					
Employed	4,482,600	4,591,100	4,671,100	4,883,600	4,789,500
Unemployed	484,600	413,000	331,200	240,300	265,400
<b>Total</b>	<u>4,967,200</u>	<u>5,004,100</u>	<u>5,002,300</u>	<u>5,123,900</u>	<u>5,054,900</u>
<b>Unemployment Rates</b>					
County	9.8%	8.3%	6.6%	4.7%	5.3%
State	8.9	7.5	6.2	5.5	4.8
United States	7.4	6.2	5.3	4.9	4.4

Source: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S. Items may not add to totals due to rounding.

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The table below summarizes the California Employment Development Department’s estimated average annual employment for the County, which includes full-time and part-time workers who receive wages, salaries, commissions, tips, payment in kind, or piece rates. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

**Table C-3  
LOS ANGELES COUNTY  
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE<sup>1</sup>**

	County		State of California	
	2017	% of Total	2017	% of Total
Total Farm	5,800	0.1%	427,600	2.5%
Mining and Logging	2,200	0.0	22,000	0.1
Construction	137,700	3.1	809,100	4.7
Manufacturing	350,100	7.9	1,311,900	7.6
Trade, Transportation and Utilities	838,900	18.9	3,042,600	17.6
Information	214,500	4.8	528,700	3.1
Financial Activities	221,100	5.0	830,500	4.8
Professional and Business Services	613,400	13.8	2,563,100	14.9
Educational and Health Services	794,300	17.9	2,636,600	15.3
Leisure and Hospitality	523,900	11.8	1,951,300	11.3
Other Services	154,100	3.5	563,300	3.3
Government	<u>585,500</u>	<u>13.2</u>	<u>2,553,500</u>	<u>14.8</u>
Total <sup>2</sup>	4,441,500	100.0%	17,240,200	100.0%

<sup>1</sup> The California Economic Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

<sup>2</sup> Total may not equal sum of parts due to independent rounding.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table C-2.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2016 Benchmark report released March, 2018.

## Personal Income

The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of “net earnings,” rental income, dividend income, interest income, and transfer receipts. “Net earnings” is defined as wages and salaries, supplements to wages and salaries, and proprietors’ income, less contributions for government social insurance, before deduction of personal income and other taxes.

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The following table sets forth the estimate of personal income for the County, State and United States from 2012 to 2016.

**Table C-4  
COUNTY, STATE AND U.S.  
PERSONAL INCOME**

<u>Year and Area</u>	<u>Personal Income<sup>1</sup> (thousands of dollars)</u>	<u>Per Capita Personal Income<sup>1</sup> (dollars)</u>
<b>2012</b>		
County <sup>2</sup>	\$ 486,733,508	\$48,900
State <sup>3</sup>	1,853,467,228	48,751
United States <sup>3</sup>	13,998,383,000	44,582
<b>2013</b>		
County <sup>2</sup>	\$ 483,578,594	\$48,283
State <sup>3</sup>	1,885,672,430	49,173
United States <sup>3</sup>	14,175,503,000	44,826
<b>2014</b>		
County <sup>2</sup>	\$ 514,516,564	\$51,111
State <sup>3</sup>	2,021,640,034	52,237
United States <sup>3</sup>	14,983,140,000	47,025
<b>2015</b>		
County <sup>2</sup>	\$ 549,073,019	\$54,298
State <sup>3</sup>	2,173,299,670	55,679
United States <sup>3</sup>	15,711,634,000	48,940
<b>2016</b>		
County <sup>2</sup>	\$ 563,907,868	\$55,624
State <sup>3</sup>	2,259,413,865	57,497
United States <sup>3</sup>	16,115,630,000	49,831

<sup>1</sup> Per capita personal income was computed using Census Bureau midyear population estimates. Per capita personal income is total personal income divided by total midyear population.

<sup>2</sup> Last updated: November 16, 2017—new estimates for 2016; revised estimates for 2012-2015. Estimates for 2012-2016 reflect county population estimates available as of March 2017. Source: U.S. Bureau of Economic Analysis, “Table CA1 - Personal Income Summary,” (accessed October 4, 2018).

<sup>3</sup> Last updated: September 25, 2018—revised estimates for 2012-2016. Estimates for 2012-2016 reflect Census Bureau midyear state population estimates available as of December 2017. Source: U.S. Bureau of Economic Analysis, “Table SA1 - Personal Income Summary,” (accessed October 4, 2018).

## Retail Sales

The following table sets forth taxable sales for the County for calendar years 2012 through 2016, with 2016 being the last full year for which data are currently available.

**Table C-5**  
**COUNTY OF LOS ANGELES**  
**TAXABLE SALES**  
**(in thousands)**

	2012	2013	2014	2015 <sup>3</sup>	2016 <sup>3</sup>
Motor Vehicle and Parts Dealers	\$ 14,479,392	\$ 15,543,657	\$ 16,564,553	\$ 18,058,173	\$ 18,502,763
Furniture and Home Furnishings Stores	2,441,922	2,568,630	2,734,737	-	-
Home Furnishings and Appliance Stores	-	-	-	7,832,717	7,842,401
Electronics and Appliance Stores	3,570,668	3,576,308	4,040,534	-	-
Bldg., Materials & Garden Equipment & Supplies	6,510,966	6,558,312	6,971,149	7,402,869	7,688,704
Food and Beverage Stores	5,824,815	6,051,754	6,279,795	6,689,582	6,808,298
Health and Personal Care Stores	3,163,312	3,306,274	3,414,941	-	-
Gasoline Stations	14,037,507	13,817,056	13,265,979	11,468,929	10,025,657
Clothing and Clothing Accessories Stores	9,166,549	9,926,558	10,560,952	10,974,322	11,413,847
Sporting Goods, Hobby, Book, and Music Stores	2,454,806	2,487,061	2,460,392	-	-
General Merchandise Stores	11,157,997	11,463,750	11,557,051	10,912,560	10,904,814
Miscellaneous Store Retailers	4,798,211	4,953,245	5,204,656	-	-
Nonstore Retailers	1,200,322	1,906,573	2,170,084	-	-
Food Services and Drinking Places	16,512,136	17,481,996	18,964,996	20,605,855	22,002,191
Other Retail Group	-	-	-	14,202,014	14,808,367
Total Retail and Food Services	95,318,603	99,641,174	104,189,819	108,147,021	109,997,043
All other outlets <sup>1</sup>	39,976,979	40,438,534	43,257,109	42,886,760	44,211,290
<b>TOTAL ALL OUTLETS<sup>2</sup></b>	<b>\$135,295,582</b>	<b>\$140,079,708</b>	<b>\$147,446,927</b>	<b>\$151,033,781</b>	<b>\$154,208,333</b>

<sup>1</sup> Primarily manufacturing and wholesale businesses.

<sup>2</sup> Items may not add to totals due to rounding.

<sup>3</sup> Industry-level data for 2015 and 2016 are not comparable to that of prior years.

Source: California Department of Tax and Fee Administration, Research and Statistics Division.

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## APPENDIX D

### SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS

#### *[To be Conformed to Trust Agreement as Supplemented]*

*The following is a brief summary of certain provisions of the Trust Agreement and the Twenty-Ninth Supplemental Agreement and is supplemental in the summary of other provisions of such documents elsewhere in this Official Statement. This summary is not intended to be definitive and is qualified in its entirety by reference to the full text of the Trust Agreement and the Twenty-Ninth Supplemental Agreement. Copies of such documents are available from LACMTA.*

#### DEFINITIONS

The following terms, as used in the Trust Agreement and the Twenty-Ninth Supplemental Agreement and in this summary, have the meanings set forth below.

The following terms, as used in the Trust Agreement and the Twenty-Ninth Supplemental Agreement and elsewhere in this Official Statement and in this summary, have the meanings set forth below.

“*Account*” means any account established pursuant to the Trust Agreement or any Supplemental Agreement.

“*Accreted Value*” means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the applicable interest rate thereon on each date specified therein. The Accreted Value at any date will be the amount set forth in the applicable Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date plus the amount of daily interest accrued from such preceding compounding date to the date of determination.

“*Accreted Value Table*” means the table denominated as such which appears as an exhibit to a Supplemental Agreement providing for the issuance of Capital Appreciation Bonds.

“*Accrued Senior Interest*” and “*Accrued Second Senior Interest*” means, for any current or future calendar month, the amount of interest which has accrued or will accrue on a Series of Senior Bonds or Senior Parity Debt during that month, less any interest which accrues during such period but for which a separate fund has been established and into which have been deposited moneys, Federal Securities, Pre-refunded Municipals or Permitted Investments which, with the earnings thereon, will be sufficient to pay such interest and which fund is irrevocably pledged to payment of such interest. With respect to Senior Bonds or Senior Parity Debt (i) bearing an interest rate which will or may fluctuate from the date of calculation to the end of such calendar month; or (ii) coupled with an interest rate swap agreement in effect on the date of calculation, interest after the calculation date, for purposes of calculating Accrued Senior Interest for such month, will be assumed to accrue at a rate equal to 12% per annum or any higher rate then prevailing on such Senior Bonds or Senior Parity Debt. For any prior calendar month, “Accrued Senior Interest” means the actual amount of interest which has accrued on a Series of Senior Bonds or Senior Parity Debt during that month. With respect to Senior Capital Appreciation Bonds, the interest accruing thereon will be treated as an accretion of principal not includable as Accrued Senior Interest. All references in the Trust Agreement to “Accrued Senior Interest” will be deemed to also mean, include and refer to “Accrued Second Senior Interest”. All references in a Supplemental Agreement or in any issuing

documents for Parity Debt to “Accrued Second Senior Interest” will be deemed to also mean, include and refer to “Accrued Senior Interest”.

“*Accrued Senior Premium*” and “*Accrued Second Senior Premium*” means, with respect to any Senior Bonds or Senior Parity Debt which are or is to be redeemed or otherwise prepaid, the full amount of the premium or prepayment penalty imposed as a condition of such redemption or prepayment. The full amount of such premium or penalty will be deemed to accrue in the calendar month in which notice of the redemption or prepayment is given by the Authority to the Trustee. All references in the Trust Agreement to “Accrued Senior Premium” will be deemed to also mean, include and refer to “Accrued Second Senior Premium”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Accrued Second Senior Premium” will be deemed to also mean, include and refer to “Accrued Senior Premium”.

“*Accrued Senior Principal*” and “*Accrued Second Senior Principal*” means, with respect to any calendar month, the amount of principal and Accreted Value which has matured or will mature on a Series of Senior Bonds or Senior Parity Debt during that month less any principal and Accreted Value which matures during such period but for which a separate fund has been established and into which have been deposited moneys, Federal Securities, Pre-refunded Municipals or Permitted Investments which, with the earnings thereon, will be sufficient to pay such principal and Accreted Value and which fund is irrevocably pledged to the payment of such principal and Accreted Value. For purposes of this definition, it will be assumed that for any payment of principal or Accreted Value, principal and Accreted Value commences to mature on the later of (i) the date of issue of the Series; or (ii) one year prior to the payment date (unless principal and Accreted Value is payable more frequently than annually, in which case, principal and Accreted Value will, for the first payment, be assumed to mature from the later of the date of issuance or one year prior to the first payment date and thereafter principal and Accreted Value will mature from the date of each principal payment of principal or Accreted Value) and principal and Accreted Value will be assumed to accrue in equal monthly installments during each calendar month or portion of any calendar month occurring from the time of commencement of such maturity to the payment date. All references in the Trust Agreement to “Accrued Senior Principal” will be deemed to also mean, include and refer to “Accrued Second Senior Principal”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Accrued Second Senior Principal” will be deemed to also mean, include and refer to “Accrued Senior Principal”.

“*Act*” means the Los Angeles County Transportation Commission Revenue Bond Act, Sections 130500 et seq. of the California Public Utilities Code, as amended from time to time.

“*Aggregate Accrued Senior Interest*” and “*Aggregate Accrued Second Senior Interest*” means, for any calendar month, the sum of the Accrued Senior Interest for all Series of Outstanding Senior Bonds and Senior Parity Debt. All references in the Trust Agreement to “Aggregate Accrued Senior Interest” will be deemed to also mean, include and refer to “Aggregate Accrued Second Senior Interest”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Aggregate Accrued Second Senior Interest” will be deemed to also mean, include and refer to “Aggregate Accrued Senior Interest”.

“*Aggregate Accrued Senior Principal*” and “*Aggregate Accrued Second Senior Principal*” means, for any calendar month, the sum of the Accrued Senior Principal for all Series of Outstanding Senior Bonds and Senior Parity Debt. All references in the Trust Agreement to “Aggregate Accrued Senior Principal” will be deemed to also mean, include and refer to “Aggregate Accrued Second Senior Principal”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Aggregate Accrued Second Senior Principal” will be deemed to also mean, include and refer to “Aggregate Accrued Senior Principal”.



“*Agreement*” means, collectively, the Trust Agreement and the Twenty-Ninth Supplemental Agreement.

“*Annual Debt Service*” means for any Fiscal Year the aggregate amount of principal and interest on all Bonds and Parity Debt becoming due and payable during such Fiscal Year, calculated using the principles and assumptions set forth under the definition of Maximum Annual Debt Service, as certified by a certificate of a Consultant delivered within 30 days of the date of calculation to the Trustee, who may conclusively rely on such certificate.

“*Assumed Debt Service*” means for any Fiscal Year the aggregate amount of principal and interest which would be payable assuming that each payment of principal of Bonds or Parity Debt subject to optional tender is amortized on a substantially level debt service basis for a period ending on the earlier of (i) 25 years from the date of calculation; or (ii) if a binding commitment has been provided for the refinancing of the applicable indebtedness, the term specified in the lender’s commitment for such refinancing indebtedness, in either case calculated based on an assumed interest rate equal to the actual rate of interest payable on the applicable indebtedness if the interest rate is a fixed rate, or equal to the maximum interest rate specified in any credit or liquidity facility or other arrangement for the tender of such Bonds or Parity Debt if the rate of interest is a variable rate.

“*Authority*” or “*LACMTA*” means the Los Angeles County Metropolitan Transportation Authority created under the provisions of the Authority Act, and any successor to its function.

“*Authority Act*” or “*LACMTA Act*” means Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2).

“*Authorized Authority Representative*” means the Chairperson, the Chief Executive Officer, the Chief Administrative Officer or the Chief Financial Officer of the Authority or such other officer or employee of the Authority or other person who has been designated an agent of the Authority by resolution of the Authority.

“*Authorized Denomination*” means, with respect to any Series of Bonds, any denomination authorized by the Supplemental Agreement under which such Bonds are issued. With respect to the Series 2019 Bonds, “*Authorized Denomination*” means \$5,000 or any integral multiple thereof.

“*Beneficial Owner*” means, whenever used with respect to a Series 2018-A Bond, the person in whose name such Series 2018-A Bond is recorded as the beneficial owner of such Series 2018-A Bond by a Participant on the records of such Participant or such person’s subrogee.

“*Board of Equalization*” means the California State Board of Equalization which collects the Proposition C Sales Tax. The California Department of Tax and Fee Administration has replaced the Board of Equalization for the purposes of collecting and disbursing the Pledged Tax.

“*Bond*” or “*Bonds*” means indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations issued under the provisions of the Trust Agreement. “*Bond*” or “*Bonds*” will not include any subordinated obligations incurred by the Authority as permitted by the Trust Agreement.

“*Bond Counsel*” means a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under the Trust Agreement and acceptable to the Authority.

“*Book-Entry Bonds*” means the Series 2019 Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of the Twenty-Ninth Supplemental Agreement.

“*Business Day*” means a day on which banks located in New York, New York and in California are open; provided that such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Agreement.

“*Capital Appreciation Bonds*” means Bonds of any Series designated as Capital Appreciation Bonds in the Supplemental Indenture providing for the issuance of such Series and on which interest is compounded and paid at maturity or on prior redemption.

“*Capitalized Interest*” means the amount set aside from the proceeds of Bonds and held by the Trustee or a Paying Agent to be used to pay interest on such Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto or issued thereunder or any successor statute thereto.

“*Commission*” means the Los Angeles County Transportation Commission created under the provisions of Section 130050 of the California Public Utilities Code, and any successor to its function.

“*Construction Fund*” means the fund or funds authorized to be created by the Trust Agreement.

“*Consultant*” means the accountant, attorney, consultant, financial advisor or investment banker, or firm thereof, retained by the Authority to perform acts and carry out the duties provided for such Consultant in the Trust Agreement. Such accountant, attorney, consultant, financial advisor or investment banker, or firm thereof, will be nationally recognized within its profession for work of the character required.

“*Continuing Disclosure Certificate*” means the Continuing Disclosure Certificate, dated January \_\_\_, 2018, entered into by the Authority in order to assist the underwriters of the Series 2019 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

“*Costs*” or “*Costs of the Projects*” means, as applied to a Project or portion thereof financed under the Trust Agreement, the definition set forth in the Act, to wit, all or any part of the cost of construction and acquisition of all real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for a Project, the cost of demolishing or removing any structures on land so acquired, including the cost of acquiring any land to which the structures may be removed, the cost of all machinery and equipment, vehicles, rolling stock, financing charges, interest prior to, during and for a period after completion of construction as determined by the Authority, provisions for working capital, reserves for principal and interest, and for extensions, enlargements, additions, replacement, renovations and improvements, the cost of architectural, engineering, financial and legal services, plans, specifications, estimates and administrative expenses and other expenses necessary or incidental to the determination of the feasibility of constructing any Project or incidental to the construction, acquisition or financing of any Project and, with respect to the use of Bond proceeds, such other costs and expenses as are permitted by the Act at the time such Bonds are issued.

“*Costs of Issuance*” means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2019 Bonds, including, but not limited to, costs and expenses of printing and copying documents and the Series 2019 Bonds, and the fees, costs and expenses of rating agencies, the Trustee, bond counsel, disclosure counsel, accountants, municipal advisors and other consultants.

“*DTC*” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*EMMA System*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

“*Event of Default*” means any occurrence or event described in this Appendix D under the caption “TRUST AGREEMENT—Events of Default and Remedies.”

“*Federal Securities*” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated.

“*Fiscal Year*” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the Authority designates as its fiscal year.

“*Fitch*” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, “Fitch” will be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“*Freeways and State Highways Account*” means the account of such name created and maintained in the Construction Fund pursuant to the Trust Agreement.

“*Fund*” means any fund established pursuant to the Trust Agreement or any Supplemental Agreement.

“*Holder*” or “*Bondholder*” or “*Owner*” means the registered owner of any Series 2018-A Bond, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“*Interest Payment Date*” means each January 1 and July 1, commencing January 1, 2019, the dates upon which interest on the Series 2019 Bonds becomes due and payable.

“*Local Allocation*” means 20% of the Proposition C Sales Tax, calculated on an annual basis, which 20% is, under Ordinance No. 49, allocated to local jurisdictions for public transit, paratransit and related services.

“*Mail*” means by first-class United States mail, postage prepaid.

“*Maximum Annual Debt Service*” means the greatest amount of principal and interest becoming due and payable on all Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any

subsequent Fiscal Year as certified by a certificate of a Consultant delivered within 30 days of the date of calculation to the Trustee, who may rely conclusively on such certificate; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) if the Bonds or Parity Debt constitute or constitutes Variable Rate Indebtedness, the interest rate on such Bonds or Parity Debt will be assumed to be the maximum interest rate specified in any credit or liquidity facility or other arrangement for the tender of such Bonds or Parity Debt, or if no such facility or arrangement exists, the maximum stated interest rate which may be borne by such Bonds or Parity Debt; provided that in the event that such Variable Rate Indebtedness is issued in connection with an interest rate swap agreement in which the Authority has agreed to pay a fixed interest rate and such interest rate swap agreement has been reviewed and approved by S&P, and to the extent MBIA is then insuring any Bonds and is not in default under the related insurance policy, MBIA, for purposes of this definition, then the interest rate for purposes of computing Maximum Annual Debt Service will be such fixed interest rate for the period that such interest rate swap agreement is contracted to remain in full force and effect and thereafter will be assumed to be such maximum interest rate described above;

(b) principal and interest payments on Bonds and Parity Debt will be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or other fiduciary in escrow specifically therefor and to the extent that such interest payments are to be paid from Capitalized Interest;

(c) in determining the principal amount due in each Fiscal Year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any mandatory sinking account payments or any scheduled redemption or payment of Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as part of Accreted Value will be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond;

(d) if any interest rate swap agreement or similar agreement or arrangement in which the Authority has agreed to pay the floating amount thereunder is in effect with respect to the Bonds or Parity Debt to which it relates, no fixed amounts payable under such interest rate swap agreement will be included in the calculation of Maximum Annual Debt Service, and the interest rate with respect to such Bonds or Parity Debt will be assumed to be 12% per annum, unless the interest rate swap agreement has been reviewed and approved by S&P, and to the extent MBIA is then insuring any Bonds and are not in default under the related insurance policy, MBIA, for purposes of this definition, in which event only the amount of such floating payments to be made by the Authority that exceed the fixed amount of such floating payments to be made by the Authority that exceed the fixed amounts to be paid under the interest rate swap agreement will be included in the calculation of Maximum Annual Debt Service;

(e) if any Bonds or Parity Debt feature an option on the part of the holders thereof or an obligation under the terms of such Bonds or Parity Debt to tender all or a portion of such Bonds or Parity Debt to the Authority, the Trustee or other fiduciary or agent and require that such Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bonds or Parity Debt, the options or obligations of the Owners of such Bonds or Parity Debt to tender the same for purchase or payment prior to their stated maturity or maturities will be treated as a principal maturity occurring on the first date on which Owners of such Bonds or Parity Debt

may or are required to tender such Bonds or Parity Debt except that any such option or obligation to tender will not be treated as a single principal maturity, but rather such principal will be deemed amortized as specified in the definition of Assumed Debt Service, if (i) such Bonds or Parity Debt are rated in one of the two highest long-term Rating Categories by Moody's and S&P, or such Bonds are rated in the highest short-term, note or commercial paper Rating Categories by Moody's and S&P; and (ii) funds for the purchase price of such Bonds or Parity Debt are to be provided by a letter of credit or standby bond purchase agreement and the obligation of the Authority with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Bonds or Parity Debt, will be subordinated to the obligation of the Authority on such Bonds or Parity Debt or, if not subordinate, will be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of additional Bonds or Parity Debt set forth in the Trust Agreement; and

(f) if the Bonds or Parity Debt are Paired Obligations, the interest rate on such Bonds or Parity Debt will be the resulting linked rate or effective fixed interest rate to be paid by the Authority with respect to such Paired Obligations.

“*MBIA*” means Municipal Bonds Investors Assurance Corporation, a New York stock insurance corporation, in its capacity as bond insurer or surety bond provider for one or more Series of Bonds.

“*Moody's*” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, “*Moody's*” will be deemed to refer to any other nationally recognized rating agency designated by the Authority.

“*Nonarbitrage Certificate*” means the Tax Certificate or a Nonarbitrage Certificate prepared by Bond Counsel and delivered by the Authority at the time of the issuance and delivery of any Series of Bonds which purport to bear interest which is excluded from gross income for federal income tax purposes, as the same may be amended or supplemented in accordance with its terms.

“*Ordinance No. 49*” means “An Ordinance Establishing an Additional Retail Transaction and Use Tax in the County of Los Angeles for Public Transit Purposes” adopted by the Commission on August 8, 1990.

“*Original Trust Agreement*” means the Trust Agreement, dated as of October 1, 1992, by and between the Commission, as predecessor to the Authority, and Bank of America National Trust and Savings Association, as predecessor to U.S. Bank National Association, as trustee, which was amended and restated pursuant to the Trust Agreement.

“*Outstanding*” means, with respect to Senior Bonds (including the Series 2019 Bonds), all Senior Bonds which have been authenticated and delivered under the Trust Agreement, except:

(a) Senior Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Senior Bonds deemed to be paid in accordance with the Trust Agreement;

(c) Senior Bonds in lieu of which other Senior Bonds have been authenticated under the Trust Agreement;

(d) Senior Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;

(e) Senior Bonds which, under the terms of the Supplemental Agreement pursuant to which they were issued, are deemed to be no longer Outstanding; and

(f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Senior Bonds under the Trust Agreement, Senior Bonds held by or for the account of Authority or by any person controlling, controlled by or under common control with the Authority, unless such Senior Bonds are pledged to secure a debt to an unrelated party, in which case such Senior Bonds will, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Senior Bonds are pledged. Nothing in the Trust Agreement will be deemed to prevent the Authority from purchasing Senior Bonds from any party out of any funds available to the Authority.

Whenever it is provided in the Trust Agreement that any actions taken or determinations made on the basis of the principal amount of Senior Bonds Outstanding or the principal amount of Senior Bonds affected by an action, the principal amount of any Capital Appreciation Bonds at any given time shall be equal to the Accreted Value thereof.

*“Paired Obligations”* means any Series (or portion thereof) of Bonds or Parity Debt designated as Paired Obligations in the Supplemental Agreement or other document authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Authority for the terms of such Bonds or Parity Debt.

*“Parity Debt”* means any indebtedness, installment sale obligation, lease obligation or other obligation for borrowed money, or any payment obligation under an interest rate swap agreement or other arrangement, in each case having an equal lien and charge upon Pledged Revenues and therefore payable on a parity with the Senior Bonds (whether or not any Bonds are Outstanding).

*“Participant”* means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

*“Paying Agent”* or *“Paying Agents”* means, with respect to the Bonds or any Series of Bonds, the banks, trust companies, or other financial institutions or other entities designated in a Supplemental Agreement or a resolution of the Authority as the place where such Bonds will be payable.

*“Permitted Investments”* means:

(a) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“Direct Obligations”);

(b) direct obligations of the Export-Import Bank of the United States; consolidated debt obligations of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities

which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMAs”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMAs”); senior debt obligations of the Student Loan Marketing Association; local authority bonds of U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; REFCORP Strips (stripped with the Federal Reserve Bank of New York); debt obligations of the Resolution Trust Corporation;

(c) Project Notes, Local Authority Bonds, New Communities Debentures—U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds, all either issued or guaranteed by the U.S. Department of Housing and Urban Development and backed by the full faith and credit of the United States of America and rated “A” or better by Moody’s and “A” or better by S&P;

(d) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated “Aa” or better by Moody’s and “AA” or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated “Aa” or better by Moody’s and “AA” or better by S&P;

(e) commercial paper (having original maturities of not more than 270 days) rated “P-1” by Moody’s and “A-1” or better by S&P;

(f) federal funds or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank (including the Trustee) including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which has the highest short-term rating of each Rating Agency then rating any of the Bonds;

(g) deposits of any bank or savings and loan association (including the Trustee) which has combined capital, surplus and undivided profits or not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (the “FDIC”);

(h) investments in money-market funds rated “AAAm” or “AAAm-G” by S&P;

(i) repurchase agreements collateralized by Direct Obligations, GNMA, FNMA or FHLMCs with any registered broker/dealer or any commercial bank insured by the FDIC, if such broker/dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “A” or better by Moody’s, and “A-1” or “A” or better by S&P or such bank has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “Aa” or better by Moody’s, and “A-1” or “AA” by S&P, provided:

(i) a master repurchase agreement or specific written repurchase agreement governs the transaction;

(ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (“Agent”) for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$50 million and the Trustee will have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;

(iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee;

(iv) the Agent provides the Trustee with a valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation;

(v) the fair market value of the securities in relation to the principal amount of the repurchase obligation is equal to levels sufficient to cause the repurchase agreement to have a rating equal to the rating on the broker/dealer or bank providing the repurchase agreement; and

(vi) the Authority has the option of terminating the repurchase agreement in the event that either the long-term or short-term ratings of the provider are reduced below “A/A” and “A-1/P-1,” respectively;

(j) investment agreements with any bank, insurance company or broker/dealer, or any corporation whose principal business is to enter into such agreements, if at the time of such investment, such insurance company has an unsecured, uninsured and unguaranteed claims paying ability rated “Aaa” by Moody’s and “AAA” by S&P, or such corporation has an unsecured, uninsured and unguaranteed investment agreement rated “Aaa” by Moody’s and “AAA” by S&P, or such bank has an unsecured, uninsured and unguaranteed obligation rated “Aa” or better by Moody’s and “AA” or better by S&P, or such broker/dealer (or its parent) has a long-term unsecured, uninsured and unguaranteed obligation rated “A” or better by Moody’s and “A” or better by S&P or a short-term unsecured, uninsured and unguaranteed obligation rated “P-1” by Moody’s and “A-1” by S&P; provided that such bank or broker/dealer also collateralize the obligation under the investment agreement with securities described in paragraph (i) above meeting the requirements of subparagraphs ii. through v. of paragraph (i) above; provided further, that such agreement will include a provision to the effect that if any rating of any such bank, insurance company, broker/dealer (or its parent) or corporation is downgraded below the rating existing at the time such agreement was entered into the Authority will have the right to terminate such agreement;

(k) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (x) of this definition of Permitted Investments and which shares are rated “AA-m” or better by S&P;

(l) deposits in the pooled investment fund maintained by the Treasurer Tax Collector of the County;

(m) subject to the provisions of Section 53601 of the Government Code, any investment approved by the Board of Commissioners of the Authority for which confirmation is



received from each Rating Agency then rating any of the Bonds that such investment will not adversely affect such agency's rating on such Bonds; and

(n) any cash sweep or similar account arrangement of or available to the Trustee which is fully insured by the FDIC and the investments of which are limited to investments described in clauses (i) through (xi) of this definition of Permitted Investments, and any money market fund rated in the two highest Rating Categories by Moody's and S&P, the investments of which are limited to investments described in clauses (i) through (xi) of this definition of Permitted Investments.

Notwithstanding anything in the Trust Agreement to the contrary with respect to provisions in this definition which describe the long-term debt rating assigned to a Permitted Investment or to the unsecured obligations of the provider of a Permitted Investment, as the case may be, in no event will such long-term debt rating be less than the long-term debt rating assigned to the Senior Bonds with respect to the investment of amounts held in the Senior Debt Service Fund or the Reserve Fund.

*"Pledged Revenues"* means the Pledged Tax and all interest, profits and other income received from the investment of the Pledged Tax (other than amounts in the Rebate Fund). Pledged Revenues will also include such additional sources of revenue, if any, pledged to pay the Bonds as set forth in a Supplemental Agreement, but only if such revenue is irrevocably pledged and the Authority has received written confirmation from each Rating Agency then rating any of the Bonds that such inclusion of additional sources of revenue in the definition of Pledged Revenues will not result in a lowering or withdrawal of any such rating on any of the Bonds.

*"Pledged Tax"* means the Proposition C Sales Tax (i) less the administrative fee deducted by the Board of Equalization, (ii) less the Local Allocation and Tax, (c) plus such portion, if any, of the Local Allocation as any jurisdiction entitled to such amount has authorized to be pledged to secure the Bonds in accordance with the Trust Agreement.

*"Pre-refunded Municipals"* means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest Rating Category of Moody's and S&P; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

*"Prior Supplemental Agreements"* means, collectively, the Ninth Supplemental Trust Agreement, dated as of March 1, 2003, the Fourteenth Supplemental Trust Agreement, dated as of June 1, 2008, the Amended and Restated Fifteenth Supplemental Trust Agreement, dated as of February 1, 2012, the Sixteenth Supplemental Trust Agreement, dated as of June 1, 2009, the Eighteenth Supplemental Trust Agreement, dated as of August 1, 2009, the Nineteenth Supplemental Trust Agreement, dated as of October 1, 2009, the Twentieth Supplemental Trust Agreement, dated as of January 1, 2010, the Twenty-First Supplemental Trust Agreement, dated as of January 1, 2010, the Twenty-Second Supplemental Trust Agreement, dated as of July 1, 2012, the Twenty-Third Supplemental Trust Agreement, dated as of May

1, 2013, the Twenty-Fourth Supplemental Trust Agreement, dated as of December 1, 2013, the Twenty-Fifth Supplemental Trust Agreement, dated as of June 1, 2014, and the Twenty-Sixth Supplemental Trust Agreement, dated as of June 1, 2016, each by and between the Authority and the Trustee, for so long as any such Supplemental Agreement remains outstanding and its terms and provisions remain in effect.

“*Projects*” will have the meaning set forth in the Act.

“*Proposition C Sales Tax*” means the retail transactions and use tax imposed by Ordinance No. 49 and approved by the electors of the County at an election held November 6, 1990.

“*Rating Agencies*” means Moody’s, S&P and [Fitch.]

“*Rating Category*” means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“*Rebate Fund*” means the fund of that name established pursuant to the Trust Agreement.

“*Rebate Requirement*” has the meaning as set forth in the Tax Certificate.

“*Record Date*” means, with respect to any Series of Bonds, the record date as specified in the Supplemental Agreement which provides for the issuance of such Series.

“*Redemption Fund*” means the fund of that name established pursuant to the Trust Agreement.

“*Registrar*” means, with respect to the Bonds or any Series of Bonds, the bank, trust company or other entity designated in a Supplemental Agreement or a resolution of the Authority to perform the function of Registrar under the Trust Agreement or any Supplemental Agreement, and which bank, trust company or other entity has accepted the position in accordance with the Trust Agreement.

“*Reserve Fund*” means the fund of that name established pursuant to the Trust Agreement.

“*Reserve Fund Insurance Policy*” means an insurance policy or surety bond provided by a bond insurer, or a letter of credit, deposited in the Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Insurance Policy will be rated in one of the two highest Rating Categories by Moody’s and S&P.

“*Reserve Fund Requirement*” means, with respect to an Account within the Reserve Fund related to any Series of Senior Bonds Outstanding, as of any date of calculation, the least of (i) 10% of the proceeds of such Series of Senior Bonds; (ii) Maximum Annual Debt Service on such Senior Bonds; or (iii) 125% of average Annual Debt Service on such Senior Bonds. For purposes of determining if the amount on deposit in the Reserve Fund meets the Reserve Fund Requirement for all Senior Bonds Outstanding, any Reserve Fund Insurance Policy deposited with the Trustee will be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, less any unreimbursed drawings or other amounts not reinstated under such Reserve Fund Insurance Policy.

“*Responsible Officer*” means an officer of the Trustee assigned by the Trustee to administer the Trust Agreement.

“*Revenue Fund*” means the fund created by the Trust Agreement.

“*Senior Bonds*” and “*Second Senior Bonds*” means Bonds of any Series expressly designated as Senior Bonds or Second Senior Bonds in the Supplemental Agreement pursuant to which they are issued. All references in the Trust Agreement to “Senior Bonds” will be deemed to also mean, include and refer to “Second Senior Bonds”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Bonds” will be deemed to also mean, include and refer to “Senior Bonds”.

“*Senior Bond Interest Account*” and “*Second Senior Bond Interest Account*” means the account by that name established within the Senior Debt Service Fund pursuant to the Trust Agreement. All references in the Trust Agreement to “Senior Bond Interest Account” will be deemed to also mean, include and refer to “Second Senior Bond Interest Account”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Bond Interest Account” will be deemed to also mean, include and refer to “Senior Bond Interest Account”.

“*Senior Bond Principal Account*” and “*Second Senior Bond Principal Account*” means the account of that name established within the Senior Debt Service Fund pursuant to the Trust Agreement. All references in the Trust Agreement to “Senior Bond Principal Account” will be deemed to also mean, include and refer to “Second Senior Bond Principal Account”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Bond Principal Account” will be deemed to also mean, include and refer to “Senior Bond Principal Account”.

“*Senior Debt Service Fund*” and “*Second Senior Debt Service Fund*” means the fund of that name established pursuant to the Trust Agreement. All references in the Trust Agreement to “Senior Debt Service Fund” will be deemed to also mean, include and refer to “Second Senior Debt Service Fund”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Debt Service Fund” will be deemed to also mean, include and refer to “Senior Debt Service Fund”.

“*Senior Deficiency*” and “*Second Senior Deficiency*” means, as of the first day of any calendar month, the amount by which the Aggregate Accrued Senior Interest or Aggregate Accrued Senior Principal, as the case may be, exceeds the amount on deposit in the Senior Bond Interest Account or the Senior Bond Principal Account. All references in the Trust Agreement to “Senior Deficiency” will be deemed to also mean, include and refer to “Second Senior Deficiency”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Deficiency” will be deemed to also mean, include and refer to “Senior Deficiency”.

“*Senior Excess Deposit*” and “*Second Senior Excess Deposit*” means, at any time, the amount of Pledged Revenues deposited into the Senior Bond Interest Account or the Senior Bond Principal Account, as the case may be, in excess of the corresponding amount of Aggregate Accrued Senior Interest or Aggregate Accrued Senior Principal. All references in the Trust Agreement to “Senior Excess Deposit” will be deemed to also mean, include and refer to “Second Senior Excess Deposit”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Excess Deposit” will be deemed to also mean, include and refer to “Senior Excess Deposit”.

“*Senior Parity Debt*” and “*Second Senior Parity Debt*” means any Parity Debt payable from Pledged Revenues on a parity basis with the Senior Bonds. All references in the Trust Agreement to “Senior Parity Debt” will be deemed to also mean, include and refer to “Second Senior Parity Debt”. All references in a Supplemental Agreement or in any issuing documents for Parity Debt to “Second Senior Parity Debt” will be deemed to also mean, include and refer to “Senior Parity Debt”.

“*Series*” means Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“*Series 2018-A Account of the Reserve Fund*” means the account of that name established under and pursuant to the Twenty-Ninth Supplemental Agreement.

“*Series 2019 Bonds*” means the \$\_\_\_\_\_ original principal amount of Senior Bonds issued under the Trust Agreement and the Twenty-Ninth Supplemental Agreement and designated as “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A.”

“*Series 2018-A Subaccount in the Senior Bond Interest Account*” means the subaccount of that name established within the Senior Bond Interest Account of the Senior Debt Service Fund pursuant to the Twenty-Ninth Supplemental Agreement.

“*Series 2018-A Subaccount in the Senior Bond Principal Account*” means the subaccount of that name established within the Senior Bond Principal Account of the Senior Debt Service Fund pursuant to the Twenty-Ninth Supplemental Agreement.

“*Series 2018-A Costs of Issuance Fund*” means the fund of that name established under and pursuant to the Twenty-Ninth Supplemental Agreement.

“*Series 2018-A Rebate Fund*” means the fund of that name established under and pursuant to the Twenty-Ninth Supplemental Agreement.

“*S&P*” means Standard & Poor’s Ratings Services, a division of McGraw-Hill Financial, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“*State*” means the State of California.

“*Subaccount*” means any subaccount established pursuant to the Trust Agreement or any Supplemental Agreement.

“*Subordinate Lien Obligation*” means an obligation issued on a subordinate basis to the Bonds and any Parity Debt as permitted by the Trust Agreement and payable from and secured by amounts on deposit in the accounts established within the Subordinate Lien Obligation Fund with respect to such obligation.

“*Supplemental Agreement*” means any supplemental trust agreement then in full force and effect which has been duly approved by resolution of the Authority and signed by the Authority and the Trustee, providing for the issuance of a Series of multiple Series of Bonds, amending and/or supplementing the Trust Agreement, supplementing the Original Trust Agreement, or amending and/or supplementing another Supplemental Agreement.

“*Tax Certificate*” means the Tax and Nonarbitrage Certificate executed and delivered by the Authority at the time of issuance and delivery of the Series 2019 Bonds, as the same may be amended or supplemented in accordance with its terms.

“*Trust Agreement*” means the Amended and Restated Trust Agreement, dated as of January 1, 2010, by and between the Authority and the Trustee, as supplemented by the Prior Supplemental Agreements, and as the same may be further amended and supplemented from time to time by Supplemental Agreements.

“*Trustee*” means U.S. Bank National Association, until a successor replaces it, and thereafter means such successor.

“*Twenty-Ninth Supplemental Agreement*” means the Twenty-Ninth Supplemental Trust Agreement, dated as of [\_\_\_\_\_] 1, 2019, by and between the Authority and the Trustee.

“*Variable Rate Indebtedness*” means any portion of indebtedness the interest rate on which is not established at the time of incurrence of such indebtedness and has not at some subsequent date been established at a single numerical rate for the entire term of the indebtedness, excluding Paired Obligations.

## **TRUST AGREEMENT**

The below summary of the Trust Agreement contains a brief summary of certain basic provisions of the Trust Agreement which are generally applicable to all Bonds. For the Series 2019 Bonds, these provisions are supplemented by, and also may in certain instances be modified by, the provisions of the Twenty-Ninth Supplemental Agreement.

### **Grant to Secure the Bonds; Pledge of Pledged Revenues**

The Bonds and Parity Debt authorized and issued under the provisions of the Trust Agreement will be secured by a prior lien on and pledge of Pledged Revenues and all amounts (including proceeds of Bonds and Parity Debt) held by the Trustee under the Trust Agreement or under any Supplemental Agreement, including earnings thereon, and all proceeds of Bonds and Parity Debt, including earnings thereon, held by the Authority in any Fund, Account or Subaccount (except for amounts held in the Rebate Fund and the Redemption Fund and, with respect to Senior Parity Debt, except for amounts held in the Reserve Fund, which Reserve Fund amounts are pledged on a first lien basis only to the payment of the Senior Bonds), and such Bonds and Parity Debt will be of equal rank without preference, priority or distinction of any Bond or Parity Debt over any other Bonds or Parity Debt within such lien priority. The Authority by execution of the Trust Agreement grants such pledge and prior lien on the Pledged Revenues and amounts in such Funds, Accounts and Subaccounts described above to secure the Bonds and Parity Debt, in the order of priority set forth in the Trust Agreement. Such pledge will constitute a first lien on Pledged Revenues and amounts in such Funds, Accounts and Subaccounts described above with respect to the Senior Bonds and Senior Parity Debt. The Authority represents and states that it has not previously created any charge or lien on the Pledged Revenues or the amounts in such Funds, Accounts and Subaccounts described above, and the Authority covenants that, until all the Bonds and Parity Debt authorized and issued under the provisions of the Trust Agreement and the interest thereon will have been paid or are deemed to have been paid, it will not grant any pledge of Pledged Revenues or amounts in such Funds, Accounts and Subaccounts described above ranking senior to the pledge under the Trust Agreement or create or permit to be created any charge or lien on the Pledged Revenues or the amounts in such Funds, Accounts and Subaccounts described above ranking senior to the charge or lien of the Bonds and Parity Debt issued pursuant to the Trust Agreement. The Authority may, as provided in the Trust Agreement, create or permit to be created a charge or lien on the Pledged Revenues ranking junior and subordinate to the charge or lien of the Bonds and Parity Debt issued pursuant to the Trust Agreement.

The Authority covenants that it will not take any action which will have a material adverse effect upon the Pledged Revenues, as pledged in the Trust Agreement, or have a material adverse effect upon the pledge of the Pledged Revenues made therein or the rights of the holders of the Bonds. The Authority covenants that it will not issue any other obligations, except upon the conditions and in the manner provided in the Trust Agreement, payable from or secured by the Pledged Revenues or amounts held by the Trustee or the Authority under the Trust Agreement or under any Supplemental Agreement on a basis on parity with any Bonds or any Parity Debt, and the Authority covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge on a basis on parity with the lien held by the holders of any Bonds or any Parity Debt upon the Pledged Revenues, or any part thereof, or amounts held by the Trustee or the Authority under the Trust Agreement or under any Supplemental Agreement (except for amounts held in the Rebate Fund). The Authority may issue obligations on a subordinated basis as provided in a Supplemental Agreement; provided that any such subordinated obligations issued by the Authority and payable from the Pledged Revenues will contain an express statement that such obligations are junior and subordinate in all respects to the Bonds issued under the Trust Agreement as to lien on and source and security for payment from the Pledged Revenues. The Authority will be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the Authority to receive the Pledged Revenues at the same rates as now provided by law to pay from the Pledged Revenues the principal of and interest on the Bonds and to make the other payment provided for in the Trust Agreement.

### **Payment of Principal and Interest**

The Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Pledged Revenues and to the extent thereof the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified in the Trust Agreement and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained in the Trust Agreement and in the Bonds. The Authority may, in its discretion, provide funds other than Pledged Revenues to the Trustee to be used to pay principal of, premium, if any, and interest on the Bonds, but is under no obligation to do so.

### **Additional Senior Bonds**

Upon compliance with the terms of the Trust Agreement, the Authority is permitted to issue Senior Bonds or Senior Parity Debt under the Trust Agreement secured on a parity by and payable from the Pledged Revenues. Bonds may be issued by the Authority under the terms of the Trust Agreement for any purpose for which the Authority, at the time of such issuance, may incur debt which, if the Authority may then otherwise do so, may include issuing Bonds and loaning the proceeds to other entities.

As a condition to the issuance of any Senior Bonds or Senior Parity Debt subsequent to the issuance of the initial Bonds issued under the Trust Agreement, there will first be delivered to the Trustee a certificate prepared by a Consultant showing that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Senior Bonds or Senior Parity Debt was at least equal to 130% of Maximum Annual Debt Service for all Bonds and Parity Debt which will be Outstanding immediately after the issuance of the proposed Senior Bonds or Senior Parity Debt.

If any city or the County has authorized the pledging of all or a portion of its share of the Local Allocation to secure the Bonds or Parity Debt and a certified copy of the ordinance, resolution or other official action authorizing the pledge and setting forth the terms of such pledge (including its duration, which will not be less than the term of any Bonds or Parity Debt then issued and Outstanding or currently

proposed to be issued) and a written opinion of Bond Counsel that the pledge of such portion of the Local Allocation is a valid pledge of the Authority have been filed with the Trustee, then the reference to the Pledged Tax in the immediately preceding paragraph will include such pledged portion of the Local Allocation.

The certificate described above will not be required if the Senior Bonds or Senior Parity Debt being issued are for the purpose of refunding then Outstanding Bonds or Parity Debt and there is delivered to the Trustee, instead, a certificate of the Authorized Authority Representative showing that Annual Debt Service in each year on all Bonds Outstanding and Parity Debt after the issuance of the refunding Senior Bonds or Senior Parity Debt will not exceed Annual Debt Service in each year on all Bonds Outstanding and Parity Debt prior to the issuance of such Senior Bonds or Senior Parity Debt.

If the Authority is issuing Parity Debt, the Authority shall notify S&P and MBIA at least 15 Business Days prior to the issuance of such Parity Debt. Additionally, the following documents must be filed with the Trustee:

- (a) a certificate of an Authorized Authority Representative stating that no Event of Default has occurred and is continuing;
- (b) the certificate of the Consultant required by the Trust Agreement or, if the Parity Debt to be issued is for refunding Outstanding Bonds or Parity Debt, the certificate of an Authorized Authority Representative described therein;
- (c) an opinion of Bond Counsel to the effect that such Parity Debt has been duly authorized in accordance with applicable law and that the issuance of such Parity Debt and the intended expenditure of the proceeds thereof will not adversely affect the tax-exempt status of any Bonds Outstanding immediately after such issuance which purport to bear interest which is excluded from gross income for federal income tax purposes; and
- (d) a transcript of the proceedings providing for the issuance of such Parity Debt, including issuing documents which designate the Trustee as a paying agent or trustee for such Parity Debt (but the Trustee will not be responsible for the validity of sufficiency of such proceedings or such Parity Debt).

### **Subordinated Obligations**

The Authority may issue obligations on a subordinated basis as provided in a Supplemental Agreement; provided that any such subordinated obligations issued by the Authority and payable from the Pledged Revenues will contain an express statement that such obligations are junior and subordinate in all respects to the Bonds issued under the Trust Agreement as to lien on and source and security for payment from the Pledged Revenues.

### **Funds and Accounts**

The Trust Agreement creates the Construction Fund containing a Discretionary Account, a Rail and Bus Security Account, a Commuter Rail and Transit Center Account, a Freeways and State Highway Account and a Cost of Issuance Account; the Revenue Fund; the Senior Debt Service Fund containing a Senior Bond Interest Account and a Senior Bond Principal Account; the Reserve Fund, a Subordinate Lien Obligation Fund; the Redemption Fund; the Rebate Fund; an account within the Reserve Fund; and subaccounts within the Costs of Issuance Account, the Discretionary Account and the Commuter Rail and Transit Center Account.

The Trust Agreement provides that the moneys in each of such funds and accounts and in the Construction Fund, if held by the Trustee, will be held by the Trustee in trust and applied as hereinafter provided with regard to each such fund and account and, pending such application, will be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement

***Revenue Fund; Flow of Pledged Revenues.*** The Trustee will, on each day that Pledged Revenues are deposited into the Revenue Fund, as provided in the Trust Agreement, withdraw from the Revenue Fund an amount sufficient, with any other funds, if any, provided to the Trustee and previously used in such month to make such deposits, to make the deposits described in paragraphs (a) through (d), inclusive, below and deposit such sum so withdrawn to the credit of the following accounts in the following order of priority:

(a) to the credit of the Senior Bond Interest Account an amount equal to the Aggregate Accrued Senior Interest for the current calendar month less any Senior Excess Deposit made with respect to the last preceding calendar month plus any Senior Deficiency existing on the first day of such calendar month plus any amount of interest which has become due and has not been paid and for which there are insufficient funds in the Senior Bond Interest Account or another special account to be used to make such payment;

(b) to the credit of the Senior Bond Principal Account an amount equal to the Aggregate Accrued Senior Principal for the current calendar month less any Senior Excess Deposit made with respect to the last preceding calendar month plus any Accrued Senior Premium and any Senior Deficiency existing on the first day of such calendar month plus any amount of principal which has become due and has not been paid and for which there are insufficient funds in the Senior Bond Principal Account or another special account to be used to make such payment;

(c) to the credit of the Reserve Fund such portion of the balance, if any, remaining after making the deposits described in paragraphs (a) and (b) above to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement for all Senior Bonds Outstanding (including such amounts required to reimburse draws on any Reserve Fund Insurance Policy), or if the entire balance is less than the amount necessary, then the entire balance will be deposited into the Reserve Fund, and such amounts will be used to reimburse draws on any Reserve Fund Insurance Policy prior to replenishing the cash or Permitted Investments formerly on deposit therein; and

(d) if the Authority has incurred a Subordinate Lien Obligation, to the Subordinate Lien Obligation Fund to the credit of accounts to be created within the Subordinate Lien Obligation Fund by the Trustee pursuant to this paragraph (d) for the deposit of funds to pay Subordinate Lien Obligations. The Trustee is instructed to create accounts within the Subordinate Lien Obligation Fund for each type of Subordinate Lien Obligation as such obligations arise and to credit such accounts in such amounts and at such times as will be needed to provide for payment of such Subordinate Lien Obligations under the Supplemental Agreement or Supplemental Agreements relating to such obligations. The credit of Pledged Revenues to such accounts will be made in accordance with the rank of the pledge created by such Subordinate Lien Obligations. Notwithstanding the foregoing, however, if there will be insufficient Pledged Revenues in any Fiscal Year to make all of the foregoing deposits, such Pledged Revenues will be allocated to the accounts within the Subordinate Lien Obligation Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such



Subordinate Lien Obligations issued or entered into on a parity basis and in accordance with the rank of the pledge created by such Subordinate Lien Obligations.

Any Pledged Revenues remaining after making the deposits described in paragraphs (a) through (d) above will immediately be transferred to the Authority for use for any lawful purpose and will no longer be “Pledged Revenues.” If, by the twenty-fifth day of any month, the Trustee has not received the Pledged Tax from the Board of Equalization in amounts necessary to make the deposits required by paragraphs (a) through (d) above, the Trustee will immediately notify the Authority. If Pledged Revenues are at any time insufficient to make the deposits required by the Trust Agreement, or at any time, the Authority may, at its election, deposit with the Trustee funds from any available sources with the direction that such funds be deposited into specified Funds, Accounts and Subaccounts held by the Trustee.

***Debt Service Funds.*** In addition to the amounts deposited into the Accounts described in paragraphs (a) and (b) above, the Trustee may accept and deposit into the Senior Debt Service Fund other amounts from the Authority or from other sources to be used for regularly scheduled principal and interest payments or for the redemption of Bonds or Parity Debt. There will be withdrawn from the Senior Bond Interest Account and the Senior Bond Principal Account from time to time and set aside or deposited with the applicable Paying Agent or Paying Agents sufficient money for paying the interest on the Senior Bonds and Senior Parity Debt and the principal of and premium on the Senior Bonds and Senior Parity Debt as the same will fall due, or if such interest, principal or premium is paid by or through a form of liquidity support, credit enhancement, interest rate swap agreement or other arrangement provided therefor, amounts in the Senior Bond Interest Account and Senior Bond Principal Account may, if so provided by Supplemental Agreement, be used to reimburse such amounts to the party providing such credit enhancement, liquidity support, interest rate swap agreement or other arrangement.

***Reserve Fund.*** Moneys held in the Reserve Fund will be used for the purpose of paying principal and/or interest on the Senior Bonds if the amounts in either of the Accounts mentioned in paragraphs (a) and (b) in “Revenue Fund; Flow of Pledged Revenues” above will on any date be insufficient to pay in full the interest and principal due on such date. Investments in the Reserve Fund may not have maturities extending beyond five years. On or about July 1 of each year, commencing July 1, 1993, the Trustee will value the Reserve Fund at the then current market value in a manner satisfactory to the Trustee. If, on any valuation of the Reserve Fund, the value of the Reserve Fund will exceed the Reserve Fund Requirement for all Senior Bonds Outstanding, such excess will be withdrawn and transferred to the Authority to be used for any lawful purpose. In addition, at such time as any Senior Bonds will be paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, the Trustee will value the Reserve Fund, and if the amount on deposit in the Reserve Fund after such Senior Bonds are paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, exceeds the Reserve Fund Requirement for all Senior Bonds Outstanding, such excess will be withdrawn and transferred to the Authority to be used for any lawful purpose. If, on any valuation of the Reserve Fund, the value is less than the Reserve Fund Requirement for all Senior Bonds Outstanding, deposits will be made into the Reserve Fund from and to the extent of Pledged Revenues as provided in paragraph (c) in “Revenue Fund; Flow of Pledged Revenues” above (after deposits provided in paragraphs (a) and (b) in “Revenue Fund; Flow of Pledged Revenues” above have been made) until the Reserve Fund Requirement for all Senior Bonds Outstanding is met.

***Redemption Fund.*** All moneys deposited by the Authority with the Trustee for the purpose of optionally redeeming Bonds of any Series will, unless otherwise directed by the Authority, be deposited in the Redemption Fund. Moneys held by the Trustee in an Account or Subaccount of the Construction Fund upon closing of such Account or Subaccount will, unless otherwise directed by the Authority, be transferred to the Redemption Fund as provided in the Supplemental Agreement creating such Account or

Subaccount. All amounts deposited in the Redemption Fund than be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Agreement pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee will, upon receipt of written instructions from an Authorized Authority Representative, apply such amounts to the purchase of Bonds of such Series at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the Authority.

## **Investments**

Moneys held by the Trustee in Funds, Accounts and Subaccounts will be invested and reinvested as directed by the Authority solely in Permitted Investments, subject to the restrictions set forth in the Trust Agreement and in any Supplemental Agreement and subject to the investment restrictions imposed upon the Authority by the laws of the State. In addition to investing in Permitted Investments, the Authority may enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Bonds or Parity Debt or any portion thereof, and the amounts received by the Authority or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required under the Trust Agreement.

## **Defeasance**

Bonds or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Trust Agreement except for the purposes of payment from moneys, Federal Securities or Pre-refunded Municipals. When all Bonds which have been issued under the Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable under the Trust Agreement by the Authority, including all necessary and proper fees, compensation and expenses of the Trustee, any Registrars and any Paying Agents, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the Pledged Revenues will thereupon cease, terminate and become void, and thereupon the Trustee will cancel, discharge and release the Trust Agreement, will execute, acknowledge and deliver to the Authority such instruments of satisfaction and discharge or release as will be requisite to evidence such release and such satisfaction and discharge and will assign and deliver to the Authority any property and revenues at the time subject to the Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal of, premium, if any, and interest on the Bonds and will deliver to the Board of Equalization such instructions or certificates as will be needed to cause the Board of Equalization to pay the Pledged Tax directly to the Authority or its agent and not to the Trustee.

A Bond will be deemed to be paid within the meaning of and for all purposes of the Trust Agreement when (a) payment with respect thereto of the principal, interest and premium, if any, either (i) will have been made or caused to be made in accordance with the terms of the Bonds and the Trust Agreement; or (ii) will have been provided for, as certified to the Trustee by a Consultant, by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment: (1) moneys sufficient to make such payment; (2) Federal Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment; and/or (3) Pre-refunded Municipals, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment; and (b) all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent pertaining to the Bonds with respect to which such deposit is made will have been paid or provision made for the payment thereof. At such times as Bonds will be deemed to be paid under the Trust Agreement, such

Bonds will no longer be secured by or entitled to the benefits of the Trust Agreement, except for the purposes of payment from such moneys, Federal Securities or Pre-refunded Municipals. No deposit under (a)(ii) will be deemed a payment of such Bonds until (a) proper notice of redemption of such Bonds will have been given in accordance with the Trust Agreement, or in the event such Bonds are not to be redeemed within the next succeeding 60 days, until the Authority will have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Bonds in accordance with the Trust Agreement, that the deposit required by (a)(ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (b) the maturity of such Bonds.

### **Events of Default and Remedies**

***Events of Default.*** Each of the following events will constitute and is referred to in the Trust Agreement as an “Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same will become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Bonds when such interest will become due and payable;
- (c) a failure to pay the purchase price of any Bond when such purchase price will be due and payable upon an optional or mandatory tender date as provided in the Bond;
- (d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) contained in the Bonds or in the Trust Agreement on the part of the Authority to be observed or performed, which failure will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Authority by the Trustee; provided, however, that the Trustee will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued;
- (e) if the Authority files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;
- (f) if a court of competent jurisdiction will enter an order, judgment or decree declaring the Authority insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree will not be vacated or set aside or stayed within 60 days from the date of the entry thereof;
- (g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Authority or of the Pledged Revenues, and such custody or control will not be terminated within 60 days from the date of assumption of such custody or control; or

(h) the occurrence of any other Event of Default as is provided in a Supplemental Agreement.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee will immediately give written notice thereof to the Authority.

**Remedies.** Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act or any other law to which it is subject and the Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Trust Agreement;

(b) bring suit upon the defaulted Bonds;

(c) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Bondholders; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

**Bondholder's Right to Direct Proceedings.** Anything in the Trust Agreement to the contrary notwithstanding, holders of a majority in principal amount of the Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Trust Agreement to be taken in connection with the enforcement of the terms of the Trust Agreement or exercising any trust or power conferred on the Trustee by the Trust Agreement; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Trust Agreement and that there will have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Debt not parties to such direction.

**Limitation on Bondholders' Right to Institute Proceedings.** No owner of any Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Trust Agreement, the Act or any other applicable law with respect to such Bond, unless (a) such owner will have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) such owner or said owners will have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee will have refused or failed to comply with such request for a period of 60 days after such written request will have been received by and said tender of indemnity will have been made to, the Trustee; and (e) the Trustee will not have received contrary directions from the owners of a majority in aggregate principal amount of the Bonds then Outstanding.

## **Rights and Duties of the Trustee; Other Agents**

If an Event of Default under the Trust Agreement has occurred and is continuing the Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Trust Agreement and no others and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Trust Agreement. However, the Trustee will examine the certificates and opinions to determine whether they conform to the requirements of the Trust Agreement.

The Trust Agreement states that the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; the Trustee will not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided in the Trust Agreement; and no provision of the Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee will not be liable for interest on any cash held by it except as the Trustee may agree with the Authority.

The Authority or the Trustee may from time to time appoint other agents to perform duties and obligations under the Trust Agreement or under a Supplemental Agreement, which agents may include, but not be limited to, tender agents (which will be limited to commercial banks with trust powers), remarketing agents and authenticating agents all as provided by Supplemental Agreement or resolution of the Authority.

## **Replacement of Trustee**

The Trustee may resign as trustee by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in principal amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. The Authority may remove the Trustee, by notice in writing delivered to the Trustee 60 days prior to the proposed removal date; provided, however, that the Authority will have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the Trust Agreement, (ii) the Trustee is adjudged a bankruptcy or an insolvent, (iii) a receiver or other public officer takes charge of the Trustee or its property, (iv) the Trustee otherwise becomes incapable of acting, or (v) the Authority determines that the Trustee's services are no longer satisfactory to the Authority. No resignation or removal of the Trustee will be effective until a new Trustee has taken office.

## **Amendments**

***Without the Consent of Bondholders.*** The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Agreements supplementing and/or amending the Trust Agreement or any Supplemental Agreement as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of the Trust Agreement and to set forth the terms of such Bonds and the special provisions which will apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in the Trust Agreement or any Supplemental Agreement;

(c) to add to the covenants and agreements of the Authority in the Trust Agreement or any Supplemental Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, and which will not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the Pledged Revenues or in and to the Funds, Accounts and Subaccounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to the Trust Agreement or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such change is authorized by and such change is made in accordance with the terms of the Supplemental Agreement relating to such Series of Bonds;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(g) to modify, alter, amend or supplement the Trust Agreement or any Supplemental Agreement in any other respect which, in the judgment of the Authority, is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings by any Rating Agency; and

(j) to comply with the requirements of the Code as are necessary, opinion of Bond Counsel, to prevent the federal income taxation of the interest on any of the Bonds which purport to bear interest which is excluded from gross income for federal income tax purposes.

Before the Authority, without Bondholder consent, executes any Supplemental Agreement subsequent to the First Supplemental Trust Agreement, there will have been delivered to the Authority an opinion of Bond Counsel stating that such Supplemental Agreement (i) is authorized or permitted by the Trust Agreement, the Act and other applicable law; (ii) complies with their respective terms; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the status of interest on Bonds which purport to bear interest which is excluded from gross income for federal income tax purposes.

***With the Consent of Bondholders.*** Except for amendments described above or amendments affecting less than all of a Series of Bonds as described in the following paragraph, the holders of not less than 60% in aggregate principal amount of the Bonds then Outstanding will have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Agreement deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or in a Supplemental Agreement; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following paragraph is applicable, no amendment may (a) change the times, amounts or currency of payment of the

principal of or interest on any Outstanding Bonds; or (b) reduce the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and no amendment will, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (x) the creation of a lien (except as expressly permitted by the Trust Agreement as originally executed) upon or pledge of the Pledged Revenues created by the Trust Agreement, ranking prior to or on a parity with any of the liens and pledges created by the Trust Agreement; (y) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided in the Trust Agreement; or (z) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Agreement.

The Authority may, from time to time and at any time execute a Supplemental Agreement which amends the provisions of an earlier Supplemental Agreement under which a Series or multiple Series of Bonds were issued. If such Supplemental Agreement is executed for one of the purposes set forth under the caption “Amendments—Without Consent of Bondholders,” no notice to or consent of the Bondholders will be required. If such Supplemental Agreement contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding, then the holders of not less than 60% in aggregate principal amount of the Bonds of all Series which are affected by such changes will have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Agreement deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Agreement and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, no amendment may (i) change the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series; or (ii) reduce the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.

### **Rebate Fund**

The Trust Agreement creates a Rebate Fund established for the purpose of complying with the terms and requirements of the Nonarbitrage Certificate. Subject to the transfer provisions provided in the following paragraph, all money at any time deposited in the Rebate Fund will be held by the Trustee for the account of the Authority in trust, to the extent required to satisfy the rebate requirement (as defined in each Nonarbitrage Certificate), for payment to the federal government of the United States of America, and neither the Trustee nor any Bondholder will have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund will be governed by the Trust Agreement and by each Nonarbitrage Certificate. The Authority covenants to comply with the directions contained in each Nonarbitrage Certificate and the Trustee covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to a Nonarbitrage Certificate (which instructions will state the actual amounts to be deposited in or withdrawn from the Rebate Fund and will not require the Trustee to make any calculations with respect thereto).

Upon receipt of the rebate instructions required to be delivered to the Trustee by each Nonarbitrage Certificate, the Trustee will remit part or all of the balance in the Rebate Fund to the federal government of the United States of America, as so directed. In addition, if the rebate instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such Funds, Accounts or Subaccounts as directed by the rebate instructions. Any funds remaining in the Rebate Fund after payment and satisfaction of any rebate requirement will be withdrawn and remitted to the Authority in accordance with the written request of an Authorized Authority Representative.

## **Tax Covenants**

In order to maintain the tax-exempt status of Bonds which purport to bear interest which is excluded from gross income for federal income tax purposes, the Authority will make all calculations relating to any rebate of excess investment earnings on the proceeds of such Bonds due to the United States Treasury in a reasonable and prudent fashion and will segregate and set aside the lawfully available amounts such calculations indicate may be required to be paid to the United States Treasury, and otherwise will at all times do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of this covenant, the Authority agrees to comply with each Nonarbitrage Certificate. The Trustee, by acceptance of its duties under the Trust Agreement, agrees to comply with any instructions received from the Authority which the Authority indicates must be followed in order to comply with a Nonarbitrage Certificate.

In the event that at any time the Authority is of the opinion that for purposes of maintaining the tax-exempt status of the Bonds it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority will so instruct the Trustee in writing, and the Trustee will take such action as may be directed in accordance with such instructions.

Notwithstanding the two foregoing paragraphs, if the Authority will receive an opinion of Bond Counsel to the effect that any action required under the Trust Agreement is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on such Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions the Trust Agreement, and the covenants thereunder will be deemed to be modified to that extent.



## **TWENTY-NINTH SUPPLEMENTAL AGREEMENT**

The below summary of the Twenty-Ninth Supplemental Agreement contains a brief summary of certain basic provisions of the Twenty-Ninth Supplemental Agreement.

### **Terms of the Series 2019 Bonds**

The Twenty-Ninth Supplemental Agreement sets forth the terms of the Series 2019 Bonds, most of which terms are described earlier in this Official Statement under the caption “DESCRIPTION OF THE SERIES 2019 BONDS.”

### **Separate Funds and Accounts**

The Twenty-Ninth Supplemental Agreement creates, among other funds and accounts, the Series 2018-A Costs of Issuance Fund, the Series 2018-A Account of the Reserve Fund, the Series 2018-A Subaccount in the Senior Bond Interest Account, the Series 2018-A Subaccount in the Senior Bond Principal Account and the Series 2018-A Rebate Fund.

### **Investments**

Notwithstanding anything to the contrary in the Trust Agreement, any moneys held by the Trustee in the funds and accounts created under the Twenty-Ninth Supplemental Agreement may be invested (a) in any investments permitted by the California Government Code; and (b) in any investment agreement, deposit agreement or any such other similar agreement as approved by any Authorized Authority Representative.

### **Tax Covenants**

To maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds, the Authority covenants in the Twenty-Ninth Supplemental Agreement to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of these covenants, the Authority agrees in the Twenty-Ninth Supplemental Agreement to comply with the covenants contained in the Tax Certificate with respect to the Series 2019 Bonds.

## APPENDIX E

### PROPOSED AMENDMENTS TO TRUST AGREEMENT

*Pursuant to the Twenty-Sixth Supplemental Agreement, certain amendments will be made to the Trust Agreement (the “Proposed Amendments”) once specified conditions are satisfied. By the purchase and acceptance of the Series 2019 Bonds, the Bondholders and Beneficial Owners of the Series 2019 Bonds will be deemed to have consented to the Proposed Amendments. The Proposed Amendments will not become effective until the Amendment Effective Date. For further discussion, see “INTRODUCTION—Proposed Amendments to Trust Agreement” in this Official Statement. **By the purchase and acceptance of the Series 2019 Bonds, the Bondholders and Beneficial Owners of the Series 2019 Bonds will be deemed to have consented to the Proposed Amendments.***

The Proposed Amendments are set forth in this Appendix E. Additions to the Trust Agreement are shown in **bold and double underline** and deletions are shown in ~~strike through~~.

#### **Article I – Definitions; Interpretation.**

(a) The definition of "Amendment Effective Date" shall be added to Article I of the Agreement and shall read as follows:

**“Amendment Effective Date” shall mean the date the amendments to this Agreement set forth in Article IX of the Twenty-Sixth Supplemental Trust Agreement, dated as of June 1, 2016, by and between the Authority and the Trustee, become effective.**

(b) The definition of “Debt Service Reserve Fund” shall be added to Article I of the Agreement and shall read as follows:

**“Debt Service Reserve Fund” shall mean a special fund created by the Authority pursuant to a Supplemental Agreement in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Agreement and as specified in any Supplemental Agreement. The Reserve Fund shall be a Debt Service Reserve Fund.**

(c) The definition of “Debt Service Reserve Fund Requirement” shall be added to Article I of the Agreement and shall read as follows:

**“Debt Service Reserve Fund Requirement” shall have the meaning set forth in a Supplemental Agreement pursuant to which a Debt Service Reserve Fund (other than the Reserve Fund) is created.**

(d) The last paragraph of the definition of “Permitted Investments” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

Notwithstanding anything herein to the contrary with respect to provisions in this definition which describe the long-term debt rating assigned to a Permitted Investment or to the unsecured obligations of the provider of a Permitted Investment, as the case may be, in no event shall such long-term debt rating be less than the long-term debt rating

assigned to the Senior Bonds with respect to the investment of amounts held in the Senior Debt Service Fund ~~or~~, **or less than the long-term debt rating assigned to the Reserve Fund Participating Bonds with respect to amounts held in the Reserve Fund.**

(e) The definition of “Reserve Fund Insurance Policy” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

“Reserve Fund Insurance Policy” shall mean an insurance policy or surety bond provided by a bond insurer, or a letter of credit, deposited in the Reserve Fund **or such other Debt Service Reserve Fund** in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Insurance Policy **for deposit (a) in the Reserve Fund** shall be rated in one of the two highest Rating Categories by Moody’s and S&P **both Moody’s and S&P and (b) in another Debt Service Reserve Fund shall satisfy the ratings requirements set forth in the Supplemental Agreement pursuant to which such Debt Service Reserve Fund was created.**

(f) The definition of “Reserve Fund Participating Bonds” shall be added to Article I of the Agreement and shall read as follows:

**“Reserve Fund Participating Bonds” shall mean the Outstanding Bonds originally issued prior to June 15, 2016, any Outstanding Bonds originally issued between June 15, 2016 and the Amendment Effective Date (unless otherwise released from participating in the Reserve Fund as provided below), and all other Outstanding Bonds the Authority has elected to have participate in the Reserve Fund.**

**On and after the Amendment Effective Date, the Authority may elect that one or more series of the Outstanding Bonds originally issued between June 15, 2016 and the Amendment Effective Date shall no longer constitute Reserve Fund Participating Bonds and shall no longer be secured by the Reserve Fund. The Outstanding Bonds originally issued prior to June 15, 2016 shall always constitute Reserve Fund Participating Bonds and under no circumstances shall the Outstanding Bonds originally issued prior to June 15, 2016 be released from participating in the Reserve Fund. At such time as the Authority elects that any Outstanding Bonds issued between June 15, 2016 and the Amendment Effective Date shall no longer constitute Reserve Fund Participating Bonds, such Bonds shall no longer be secured by or have a lien on the Reserve Fund. Prior to releasing any Outstanding Bonds from participating in the Reserve Fund, the Authority shall provide:**

**(a) Written notice to the Trustee, the Bondholders of the applicable Outstanding Bonds being released from the Reserve Fund, the Bondholders of the Bonds that will remain as Reserve Fund Participating Bonds after the release date, and the Rating Agencies then rating the Reserve Fund Participating Bonds that it has elected to release the applicable Outstanding Bonds from participating in the Reserve Fund and that such Outstanding Bonds will no longer constitute Reserve Fund Participating Bonds or be secured by or have a lien on the Reserve Fund.**

**(b) Directions to the Trustee to (i) calculate the Reserve Fund Requirement on the applicable release date, and (ii) if the amounts on deposit in the Reserve Fund are greater than the Reserve Fund Requirement on the applicable**

release date, transfer such excess to the Senior Debt Service Fund or such other fund or account as directed by the Authority; and

(c) An opinion of Bond Counsel to the Trustee to the effect that the release of the applicable Outstanding Bonds from the Reserve Fund and from the pledge and lien on the Reserve Fund will not, in and of itself, cause the interest on any of the Outstanding Bonds to be included in the gross income of the Bondholders of such Outstanding Bonds for purposes of federal income taxes.

(g) The definition of “Reserve Fund Requirement” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

“Reserve Fund Requirement” shall mean, with respect to an Account within the Reserve Fund related to any Series of ~~Senior~~Reserve Fund Participating Bonds Outstanding, as of any date of calculation, the least of (i) 10% of the proceeds of such Series of ~~Senior~~Reserve Fund Participating Bonds; (ii) Maximum Annual Debt Service on such ~~Senior~~Reserve Fund Participating Bonds; or (iii) 125% of average Annual Debt Service on such ~~Senior~~Reserve Fund Participating Bonds. For purposes of determining if the amount on deposit in the Reserve Fund meets the Reserve Fund Requirement for all ~~Senior~~Reserve Fund Participating Bonds Outstanding, any Reserve Fund Insurance Policy deposited ~~within~~ the ~~Trustee~~Reserve Fund shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, less any unreimbursed drawings or other amounts not reinstated under such Reserve Fund Insurance Policy.

## **Section 2.09**

Clause (ii) of Section 2.09(b) of the Agreement shall be amended and restated in full to read as follows:

(ii) an original executed counterpart or a copy, certified as correct and complete by an Authorized Authority Representative, of the Supplemental Agreement providing for the issuance of such Series of Bonds and setting forth the terms of such Bonds and, among other matters, the amount, if any, to be deposited to the credit of the Reserve Fund or another Debt Service Reserve Fund to increase the amount therein to an amount equal to the Reserve Fund Requirement; or the Debt Service Reserve Fund Requirement, as applicable (or a statement that such Bonds will not be secured by the Reserve Fund or any other Debt Service Reserve Fund) and the amount, if any, of Bond proceeds to be deposited to the credit of the Senior Bond Interest Account as Capitalized Interest;

## **Section 4.01**

The first sentence of Section 4.01 of the Agreement shall be amended and restated in full to read as follows:

The Bonds and Parity Debt authorized and issued under the provisions of this Agreement shall be secured by a prior lien on and pledge of Pledged Revenues and all amounts (including proceeds of Bonds and Parity Debt) held by the Trustee hereunder or under

any Supplemental Agreement, including earnings thereon, and all proceeds of Bonds and Parity Debt, including earnings thereon, held by the Authority in any Fund, Account or Subaccount (except for amounts held in the Rebate Fund and the Redemption Fund ~~and, with respect to Senior Parity Debt;~~ **except for amounts held in the Reserve Fund, which amounts are pledged on a first lien basis only to the payment of the Reserve Fund Participating Bonds; and** except for amounts held in ~~the~~**any other Debt Service Reserve Fund, which Reserve Fund amounts are pledged on a first lien basis only to the payment of the Senior Bonds identified in a Supplemental Agreement as being secured thereby**), and such Bonds and Parity Debt shall be of equal rank without preference, priority or distinction of any Bond or Parity Debt over any other Bonds or Parity Debt within such lien priority.

#### **Section 4.05**

Clause (v) of Section 4.05 of the Agreement shall be amended and restated in full to read as follows:

(v) to the credit of the Reserve Fund **and any other Debt Service Reserve Funds** such portion of the balance, if any, remaining after making the deposits described in clauses (i) through (iv) above to increase the amount on deposit in the Reserve Fund **and such other Debt Service Reserve Funds** to an amount equal to the Reserve Fund Requirement for all ~~Senior~~**Reserve Fund Participating Bonds Outstanding and the applicable Debt Service Reserve Fund Requirements, respectively** (including such amounts required to reimburse draws on any Reserve Fund Insurance Policy), or if the entire balance is less than the amount necessary, then the entire balance shall be deposited into the Reserve Fund **and the Debt Service Reserve Funds on a pro-rata basis with respect to the Outstanding principal amounts of the applicable Bonds secured by the Reserve Fund and the other Debt Service Reserve Funds**, and such amounts shall be used to reimburse draws on ~~any~~**the applicable** Reserve Fund Insurance Policy prior to replenishing the cash or Permitted Investments formerly on deposit therein; and

#### **Section 4.06**

Section 4.06(b) of the Agreement shall be amended and restated in full to read as follows:

(b) If amounts in the Senior Debt Service Fund are insufficient to pay such interest, principal or premium with respect to any Senior Bonds as the same shall fall due, or on any earlier day as provided in any Reserve Fund Insurance Policy, the Trustee shall immediately transfer amounts available in the Reserve Fund to the Senior Debt Service Fund to pay such deficiency **on the Reserve Fund Participating Bonds and immediately transfer amounts available in any other Debt Service Reserve Fund to the Senior Debt Service Fund to pay such deficiency on the Senior Bonds secured thereby**, and shall immediately notify the Authority of such transfer. If amounts in the **Reserve Fund or other Debt Service** Reserve Fund consist of both cash and one or more Reserve Fund Insurance Policies, the Trustee shall first transfer all of such cash prior to making a draw on any Reserve Fund Insurance Policy, and thereafter shall make

pro -rata draws upon each of such ~~the~~ Reserve Fund Insurance Policies on deposit in the Reserve Fund or other applicable Debt Service Reserve Fund.

Section 4.06(c) of the Agreement shall be amended and restated in full to read as follows:

(c) Moneys held in the Reserve Fund shall be used for the purpose of paying principal and/or interest on the ~~Senior~~ Reserve Fund Participating Bonds if the amounts in either of the Accounts mentioned in clauses (iii) and (iv) of Section 4.05(a) shall on any date be insufficient to pay in full the interest and principal due on such date. Investments in the Reserve Fund may not have maturities extending beyond five years. On or about July 1 of each year, commencing July 1, 1993, the Trustee shall value the Reserve Fund at the then -current market value in a manner satisfactory to the Trustee. If, on any valuation of the Reserve Fund, the value of the Reserve Fund shall exceed the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, such excess shall be withdrawn and transferred to the Authority to be used for any lawful purpose. In addition, at such time as any ~~Senior~~ Reserve Fund Participating Bonds shall be paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, the Trustee shall value the Reserve Fund, and if the amount on deposit in the Reserve Fund after such ~~Senior~~ Reserve Fund Participating Bonds are paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, exceeds the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, such excess shall be withdrawn and transferred to the Authority to be used for any lawful purpose. If, on any valuation of the Reserve Fund, the value is less than the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, deposits shall be made into the Reserve Fund from and to the extent of Pledged Revenues as provided in Section 4.05(a)(v) (after deposits provided in clauses (i) through (iv) of Section 4.05(a) have been made) until the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding is met.

#### **Section 4.11**

Section 4.11 of the Agreement shall be amended and restated in full to read as follows:

Section 4.11. Creation of Debt Service Reserve Fund; Additional Funds and Accounts. Notwithstanding anything in this Agreement to the contrary, instead of making or causing a deposit to be made to the Reserve Fund, the Authority may, at the time of issuance of any Series of Bonds, provide by Supplemental Agreement for the creation of a Debt Service Reserve Fund as additional security for such Series of Bonds, and in its discretion reserving the right to allow a future Series of Bonds to participate in such Debt Service Reserve Fund, or provide that such Series of Bonds participate in a Debt Service Reserve Fund previously created for an Outstanding Series of Bonds. Any Debt Service Reserve Fund established under a Supplemental Agreement shall be funded, at the time of issuance of such Series of Bonds or over such other period of time as set forth in a Supplemental Agreement, in an amount equal to the Debt Service Reserve Fund Requirement with respect to such Debt Service Reserve Fund. The Authority shall, by such Supplemental Agreement, provide for the manner of funding and replenishing of such Debt Service Reserve Fund and shall establish such other terms with respect to such Debt Service Reserve Fund as the Authority may deem to be appropriate, including providing a Reserve Fund Insurance Policy in lieu thereof.

**Notwithstanding anything in this Agreement to the contrary, at the time of issuance of any Series of Bonds, the Authority may provide pursuant to a Supplemental Agreement that neither a deposit to the Reserve Fund nor to a Debt Service Reserve Fund shall be required and that such Series of Bonds shall not be secured by the Reserve Fund or a Debt Service Reserve Fund.**

**In addition, the** Authority may, by Supplemental Agreement, create additional Funds, Accounts and Subaccounts under this Agreement and for such purposes as the Authority deems appropriate, including separate Funds available only for specified Bonds ~~of~~ Series of Bonds; however, the Pledged Revenues shall, in all events, first be used to make the deposits set forth in ~~clauses~~ (i), (ii), (iii), (iv) and (v) of Section 4.05(a) before any amounts of Pledged Revenues are used to fund any other Funds, Accounts or Subaccounts.

### **Section 6.01**

Section 6.01 of the Agreement shall be amended and restated in full to read as follows:

(a) Moneys held by the Trustee in Funds, Accounts and Subaccounts shall be invested and reinvested as directed by the Authority solely in Permitted Investments, subject to the restrictions set forth in this Article VI and in any Supplemental Agreement and subject to the investment restrictions imposed upon the Authority by the laws of the State. The Authority shall direct such investments by written certificate of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative. If the Authority fails to direct the investment of such moneys as required by this Article, the Trustee shall invest moneys in investments described in clause (xiv) of the definition of Permitted Investments. The Trustee shall be under no obligation to determine or inquire into the legality of any investment made at the direction of the Authority. The maturities of investments in the Senior Bond Interest Account and the Senior Bond Principal Account shall not extend beyond the time when funds will be needed therefrom to make payment on the Senior Bonds. Investments in the Reserve Fund **and any other Debt Service Reserve Fund** shall be sold or otherwise converted to cash by the Trustee as needed to make payment of principal and interest on the ~~Senior Bonds~~ **secured thereby**, and the Trustee shall have no liability for the selection and liquidation of such investments or for any losses which may be incurred as a result thereof. Investments in the Construction Fund (if held by the Trustee) shall be sold or otherwise converted to cash by the Trustee at the direction of the Authority. The Authority shall direct such sales or conversions of investments in the Construction Fund by written certificates of an Authorized Authority Representative or by telephone instructions followed by prompt written confirmation by an Authorized Authority Representative.

(b) Investments of moneys in any Fund, Account or Subaccount shall be deemed at all times to be a part of such Fund, Account or Subaccount, and the interest accruing thereon and any profit realized from such investment shall be credited to such Fund, Account or Subaccount, and any loss resulting from such investment shall be charged to such Fund, Account or Subaccount; provided, however, that any interest accruing on the investment of moneys in the Reserve Fund and any profit realized from the investments in the Reserve Fund shall, if and to the extent such earnings or profits would cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement for all ~~Senior Bonds Outstanding~~ **Reserve Fund Participating Bonds Outstanding, be**

**paid to the Authority for use for any lawful purpose; and provided, further, that any interest accruing on the investment of moneys in any other Debt Service Reserve Fund shall, if and to the extent such earnings or profits would cause the amount in such Debt Service Reserve Fund to exceed the applicable Debt Service Reserve Fund Requirement,** be paid to the Authority for use for any lawful purpose.



**APPENDIX F**

**FORM OF BOND COUNSEL APPROVING OPINION**

[Closing Date]

[To be provided by Bond Counsel]

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

[Bracketed language to be incorporated if closing on or after 2/27/2018]

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Los Angeles County Metropolitan Transportation Authority (the “Authority”) in connection with the issuance of its \$\_\_\_\_\_ Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds)(the “Series 2019-A Green Bonds”) and its \$\_\_\_\_\_ Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B (the “Series 2019-B Bonds” and together with the Series 2019-A Green Bonds, the “Series 2019 Bonds”) pursuant to the terms of the Agreement (as defined herein). The Authority covenants and agrees as follows:

#### **Section 1. Definitions.**

“*Agreement*” means, collectively, the Amended and Restated Trust Agreement, dated as of January 1, 2010, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the Twenty-Ninth Supplemental Trust Agreement, dated as of [January] 1, 2019, by and between the Authority and the Trustee.

“*Annual Information*” means the information specified in Section 4 hereof.

“*EMMA System*” means the MSRB’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission for the purposes referred to in Rule 15c2-12.

“*Holder*” means any registered owner of Series 2019 Bonds and any beneficial owner of Series 2019 Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

“*Listed Events*” means any of the events listed in Section 5 hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“*Official Statement*” means the Official Statement, dated January \_\_, 2019, prepared and distributed in connection with the initial sale of the Series 2019 Bonds.

“*Rule 15c2-12*” means Rule 15c2-12, as amended through the date of this Certificate, as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

**Section 2. Purpose of the Certificate.** This Certificate is being executed and delivered by the Authority pursuant to Rule 15c2-12 for the benefit of the Holders of the Series 2019 Bonds in order to assist the participating underwriters in complying with Rule 15c2-12.

#### **Section 3. Provision of Annual Information.**

(a) The Authority shall, not later than 195 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year

ending June 30, 2018, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, the Annual Information relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided that any audited financial statements may be submitted separately from the balance of the Annual Information and later than the date required above for the filing of the Annual Information if they are not available by that date. If the Fiscal Year for the Authority changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year, the Authority does not provide the Annual Information to the MSRB by the time specified above, the Authority shall instead file a notice to the MSRB through the EMMA System stating that the Annual Information has not been timely completed and, if known, stating the date by which the Authority expects to file the Annual Information.

**Section 4. Content of Annual Information.** The Annual Information shall contain or incorporate by reference the following:

(a) The audited financial statements of the Authority for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as in effect from time to time and as applied to governmental units. If the Authority's audited financial statements are not available by the time the Annual Information is required to be filed pursuant to Section 3(a) hereof, the Annual Information shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Information when they become available.

(b) Updated historical information of the type set forth in "TABLE 3—Historic Net Proposition C Sales Tax Revenues, Local Allocations, Pledged Revenues and Debt Service Coverage" of the Official Statement; and

(c) Updated information of the type set forth in "TABLE 6—Los Angeles County Metropolitan Transportation Authority, Combined Proposition C Debt Service Schedule Senior Bonds" of the Official Statement, but only the information in the column entitled "Total Debt Service" and the information under the column entitled "Combined Total Debt Service Senior Bonds" and only to the extent the information in these columns has changed.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, that have been submitted to the MSRB through the EMMA System.

**Section 5. Reporting of Listed Events.**

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Series 2019 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2019 Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; [or]
9. Bankruptcy, insolvency, receivership or similar event of the Authority[.]; or]

Note: For the purposes of the event identified in subparagraph (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

10. [Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.]

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;
2. Modifications to rights of the Owners of the Series 2019 Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2019 Bonds;
5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; [or]
7. Appointment of a successor or additional trustee or the change of name of a trustee[.];[or]
8. Incurrence of a financial obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders.]

[Note: For purposes of the events listed as (a)(10) and (b)(8), the term “financial obligation” means (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.]

(c) The Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2019 Bonds pursuant to the Agreement.

**Section 6. Remedies.** If the Authority shall fail to comply with any provision of this Certificate, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding in law or in equity, this Certificate against the Authority and any of the officers, agents and employees of the Authority, and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Certificate; provided that the sole and exclusive remedy for breach of this Certificate shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 4 or 5 hereof may be brought only by the Holders of 25% in aggregate principal amount of the Series 2019 Bonds at the time outstanding. A failure by the Authority to comply with the provisions of this Certificate shall not constitute an Event of Default under the Agreement.

**Section 7. Parties in Interest.** This Certificate is executed and delivered solely for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

**Section 8. Amendment.** Without the consent of any Holders of Series 2019 Bonds, the Authority at any time and from time to time may enter into any amendments or changes to this Certificate for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 or any authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Authority and the assumption by any such successor of the covenants of the Authority hereunder;

(d) to add to the covenants of the Authority for the benefit of the Holders, or to surrender any right or power herein conferred upon the Authority; or

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (i) the certificate, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Series 2019 Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances; and (ii) the amendment or change does not materially impair the interests of Holders, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of Holders of a majority in outstanding principal amount of the Series 2019 Bonds on or prior to the time of such amendment or change.

**Section 9. Termination of Obligation.** This Certificate shall remain in full force and effect until such time as all principal of and interest on the Series 2019 Bonds shall have been paid in full or legally defeased pursuant to the Agreement. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Series 2019 Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

**Section 10. Governing Law.** THIS CERTIFICATE SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this \_\_\_\_ day of \_\_\_\_, 2019.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:



## APPENDIX H

### BOOK-ENTRY-ONLY SYSTEM

#### Introduction

*Unless otherwise noted, the information contained under the subcaption “—General” below has been provided by DTC. LACMTA makes no representations as to the accuracy or completeness of such information. Further, LACMTA undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “—General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The beneficial owners of the Series 2019 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.*

NEITHER LACMTA NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2019 BONDS UNDER THE AGREEMENT; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2019 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE SERIES 2019 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2019 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

#### General

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Series 2019-A Green Bonds and the Series 2019-B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the



DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019-A Bond and Series 2019-B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2019 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to LACMTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit

Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from LACMTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, LACMTA, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of LACMTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to LACMTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019-A Bond and Series 2019-B certificates are required to be printed and delivered.

LACMTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019-A Bond and Series 2019-B certificates will be printed and delivered to DTC.

The information in this Appendix H concerning DTC and DTC's book-entry system has been obtained from sources that LACMTA believes to be reliable, but LACMTA takes no responsibility for the accuracy thereof.

**BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2019 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.**

In the event that the book-entry-only system is discontinued, payments of principal of and interest on the Series 2019 Bonds will be payable as described in the front part of this Official Statement under the caption "DESCRIPTION OF THE SERIES 2019 BONDS—General."