Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

Metro

FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 18, 2014

SUBJECT: PROP A BONDS

ACTION: AWARD CONTRACTS TO REPLACE EXPIRING CREDIT FACILITIES FOR PROP A 2008-A BONDS

RECOMMENDATION

A. Adopt a resolution authorizing the replacement of an expiring line of credit and direct purchase agreements with respect to the Prop A 2008-A bonds, Attachment A.

B. Authorize the CEO to finalize negotiations with the banks recommended in Attachment B and enter into direct purchase agreements as provided for in the resolution resulting in a combined estimated all-in cost of approximately $2.3 million for the two year terms of the agreements, versus the current cost of approximately $3.8 million over two years, for an estimated savings of $750,000 per year based on reduced bank and financing fees.

C. Authorize the CEO to negotiate with each successively ranked proposer from the list provided in Attachment B if unable to reach agreement with either of the recommended proposers.

(Requires separate, simple majority Board vote.)

ISSUE

Variable rate bonds utilize some form of credit facility that expire periodically and need to be replaced. We currently have $255.3 million of variable rate Prop A Series 2008-A bonds outstanding with credit agreements that expire at the beginning of August 2014. This report recommends replacement facilities that will lower our total debt costs by approximately $750,000 per year.

DISCUSSION

In 2005, we issued $265.8 million in Proposition A revenue bonds to refund outstanding bonds. The borrowing was accomplished by issuing a form of variable rate bond (auction rate securities) and entering into interest rate swaps at the same time. The purpose of the interest rate swaps is to limit our exposure to increases in variable interest rates and, in conjunction with the variable rate bonds, to produce a net fixed interest rate that was lower than that of the conventional bond market.

In 2008, the auction rate market failed, and the rate on the variable rate bonds was set to go up to 12%. The 2005 bonds were refunded with a more traditional variable rate structure in 2008 that relied on bank credit support using standby bond purchase agreements (SBPAs, which are a form of a line of credit). The bank credit support expired in 2011 and new credit support, through a combination of a line of credit and direct purchase agreements was put in place. Those agreements expire in August, 2014 and need to be replaced again to keep this structure in place and avoid the penalty for early termination of the swaps.

Based on the proposals received from a number of banks, we recommend replacing the expiring agreements with direct purchase agreements (DPs) with two commercial banks. The commercial banks will purchase our variable rate bonds as investments they will hold, with the interest rate varying based on changes in the London InterBank Offered Rate index (LIBOR). This structure is attractive to us because the cost is currently equal to or slightly less than the total cost of using the alternative of a SBPA.

On March 27, 2014, an RFP was sent to commercial banks and the credit divisions of investment banks, soliciting proposals for the replacement of our expiring credit facilities. We received 13 proposals, several offering multiple products. After reviewing the proposals the direct purchase alternative is the preferred approach because of lower expected overall costs. In addition to the lower cost of the credit facilities and interest, the direct purchase eliminates the costs of ratings, remarketing agents, and the preparation of an offering memorandum, which would be required for publically offered variable rate bonds backed by an SBPA. In addition, the direct purchase also eliminates our exposure to a potential decline in a bank's credit ratings, which could result in increased interest costs in the usual weekly rate reset process. The two year term of the agreements give us the flexibility to terminate the facility at no cost in one year when we can terminate the swaps without penalty. It also gives us additional time to refund the bonds to fixed rate mode depending upon financial market conditions.

If a proposer is removed from further consideration because we are unable to reach agreement on terms, conditions, pricing or timing to close, the resolution allows us to negotiate with the next highest ranking proposer of a direct purchase arrangement. Should a decision be made to add capacity as an SBPA, we will return for Board approval of such an agreement.

FINANCIAL IMPACT

Funding of $450,000 to cover one-time costs due at closing for the replacements in July 2014 is available in the FY15 budget for Legal Services and Professional & Technical Services accounts for Project #610306 Prop A Debt Service, Task 01.25 Prop A 2008-A Bonds in cost center #0521, Treasury Non-Departmental.

Funds to cover principal and interest payments are included in the FY15 budget in Project #610306 Prop A Debt Service, task 01.25 Prop A 2008-A Bonds. Since this is a multi-year contract, the cost center manager and the Treasurer will be accountable for budgeting the cost in future years.

Impact on Enterprise Fund Bus and Rail Operations Budget

Prop A bonds were issued for rail capital activities. Principal and interest payments are made from Prop A 35% Rail funds, which is eligible for Rail operations.

ALTERNATIVES

The Board could elect to not replace the expiring bank facilities. A decision to not replace the credit facilities would, in the short term, result in an increase in the interest rate on the bonds and accelerate principal repayment, significantly increasing debt service. Alternatively, we could refund the respective variable rate obligation to a higher cost fixed rate financing, which would include additional bonds to finance a swap termination cost. This alternative is not recommended.

NEXT STEPS

- Negotiate final terms and conditions with the highest ranked proposers.
- If satisfactory terms, pricing and timing cannot be agreed upon, we will negotiate with the next highest ranked proposers in order to obtain the best combination of terms and pricing.
- Prepare necessary legal and financing documents and execute the agreements prior to the expiration of the current agreements in August 2014.

ATTACHMENTS

A. Authorizing Resolution for Restructuring and Replacement
B. Recommendation Summary

Prepared by: Donna R. Mills, Treasurer (213) 922-4047
LuAnne Edwards Schurtz, Assistant Treasurer (213) 922-2554

Nalini Ahuja

Nalini Ahuja
Executive Director, Finance and Budget

Arthur T. Leahy

Arthur T. Leahy
Chief Executive Officer

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE REMARKETING OF AND CONVERSION OF THE INTEREST RATE MODE WITH RESPECT TO ITS PROPOSITION A FIRST TIER SENIOR SALES TAX REVENUE REFUNDING BONDS, SERIES 2008-A1, 2008-A2, 2008-A3 AND 2008-A4 PURSUANT TO ONE OR MORE DIRECT PURCHASE ARRANGEMENTS AND APPROVING OTHER RELATED MATTERS

(PROPOSITION A SALES TAX)

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation system; and

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

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

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

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

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, pursuant to the terms of a Trust Agreement, dated as of July 1, 1986, as amended and supplemented (the "Trust Agreement"), by and between the Commission, as predecessor to the LACMTA, and First Interstate Bank of California, as predecessor in interest to The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the LACMTA has issued several series of bonds, including its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A1 (the "Series 2008–A1 Bonds"), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A2 (the "Series 2008-A2 Bonds"), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A3 (the "Series 2008–A3 Bonds"), and its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A4 (the "Series 2008–A4 Bonds" and collectively with the Series 2008-A1 Bonds, the Series 2008-A2 Bonds and the Series 2008-A3 Bonds, the "Series 2008–A Bonds"); and

WHEREAS, the Series 2008-A1 Bonds are currently outstanding in the aggregate principal amount of $63,750,000 and currently bear interest at variable interest rates pursuant to the provisions of the Amended and Restated Twenty-Eighth Supplemental Trust Agreement, dated as of August 1, 2011 (the ""Twenty-Eighth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; and

WHEREAS, the holders of the Series 2008-A1 Bonds have the right to tender their bonds and the Series 2008-A1 Bonds are subject to mandatory tender in certain circumstances specified in the Twenty-Eighth Supplemental Trust Agreement; and

WHEREAS, if remarketing proceeds are insufficient, payment of the purchase price of the Series 2008-A1 Bonds is payable from amounts available under an Amended and Restated Standby Bond Purchase Agreement, dated as of August 1, 2011 (the "Series 2008–A1 Liquidity Facility"), among the LACMTA, The Bank of New York Mellon Trust Company, N.A., as trustee and tender agent, and Bank of America, N.A.; and

WHEREAS, the Series 2008–A1 Liquidity Facility expires pursuant to its terms on August 4, 2014; and

WHEREAS, the Series 2008-A2 Bonds are currently held by Sumitomo Mitsui Banking Corporation ("Sumitomo") pursuant to a Covenant Agreement, dated August 4, 2011 (the "Sumitomo Covenant Agreement"), between the LACMTA and Sumitomo, and the Series 2008-A2 Bonds are currently outstanding in the aggregate principal amount of $63,825,000 and currently bear interest at an index interest rate, as provided in the Twenty-Eighth Supplemental Trust Agreement and the Sumitomo Covenant Agreement; and

WHEREAS, the Series 2008-A3 Bonds and the Series 2008-A4 are currently held by RBC Capital Markets, LLC ("RBC") pursuant to a Bondholder's Agreement, dated August 4, 2011 (the "RBC Bondholder's Agreement"), between the LACMTA and RBC, and the Series 2008-A3 Bonds and Series 2008-A4 Bonds are currently outstanding in the aggregate principal amounts of $63,850,000 and $63,925,000 respectively, and currently bear interest at an index interest rate, as provided in the Twenty-Eighth Supplemental Trust Agreement and the RBC Bondholder's Covenant Agreement; and

WHEREAS, the Series 2008-A2 Bonds, the Series 2008-A3 Bonds and the Series 2008-A4 Bonds (collectively, the "Series 2008-A Index Rate Bonds") are subject to a special mandatory put on August 1, 2014; and

WHEREAS, the LACMTA now desires to provide for the remarketing of and conversion of the interest rate mode of the Series 2008-A Bonds to account for the scheduled expiration of the Series 2008-A1 Liquidity Facility on August 4, 2014 and the special mandatory put with respect to the Series 2008-A Index Rate Bonds on August 1, 2014; and

WHEREAS, the LACMTA has determined that it best serves the public transportation needs of the County that the remarketing and interest rate mode conversion of the Series 2008-A Bonds will take the form of arranging for one or more banks to purchase all or a portion of the Series 2008–A Bonds pursuant to one or more direct purchase arrangements (any such arrangement, a "Direct Purchase Arrangement") and to convert the interest rate mode of the Series 2008-A Bonds to an index interest rate consistent with the provisions of the Twenty-Eighth Supplemental Trust Agreement; and

WHEREAS, the Direct Purchase Arrangements will be provided to the LACMTA by Bank of America, N.A., or an affiliate of Bank of America, N.A., including Banc of America Preferred Lending Corporation or Banc of America Specialized Lending Corporation (collectively, "Bank of America"), and U.S. Bank National Association ("US Bank" and together with Bank of America, the "Direct Purchasers") and/or such other purchasers that may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposal for Credit Facilities" (each an "Other Direct Purchaser"); and

WHEREAS, pursuant to one or more covenant agreements (each a "Bank of America Covenant Agreement"), to be entered into by and between the LACMTA and Bank of America, the LACMTA will agree to sell one or more Series of the Series 2008-A Bonds to Bank of America (the "Bank of America Purchased Bonds"), and Bank of America will agree to purchase the Bank of America Purchased Bonds, and the interest rate on the Bank of America Purchased Bonds will be set pursuant to the Bank of America Covenant Agreement and the Twenty-Eighth Supplemental Trust Agreement; and

WHEREAS, pursuant to one or more continuing covenant agreements (each a "U.S. Bank Covenant Agreement"), to be entered into by and between the LACMTA and U.S. Bank, the LACMTA will agree to sell one or more Series of the Series 2008-A Bonds to U.S. Bank (the "U.S. Bank Purchased Bonds"), and U.S. Bank will agree to purchase the U.S. Bank Purchased Bonds, and the interest rate on the U.S. Bank Purchased Bonds will be set pursuant to the U.S. Bank Covenant Agreement and the Twenty-Eighth Supplemental Trust Agreement; and

WHEREAS, pursuant to a bondholder agreement or covenant agreement in substantially the same form as the Bank of America Covenant Agreement and/or the U.S. Bank Covenant Agreement presented to this meeting (the "Other Purchaser Covenant Agreement"), to be entered into by and between the LACMTA and the applicable Other Direct Purchase, the LACMTA may agree to sell one or more Series of the Series 2008-A Bonds to such Other Direct Purchaser(s) (the "Other Direct Purchaser Purchased Bonds"), and such Other Direct Purchaser(s) will agree to purchase the Other Direct Purchaser Purchased Bonds, and the interest rate on the Other Direct Purchaser Purchased Bonds will be set pursuant to the Other Purchaser Covenant Agreement and the Twenty-Eighth Supplemental Trust Agreement; and

WHEREAS, there have been presented to the Board of Directors of the LACMTA (the "Board") forms of the following documents:

(a) Bank of America Covenant Agreement; and

(b) U.S. Bank Covenant Agreement

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the remarketing and interest rate mode conversion of the Series 2008-A Bonds; and

WHEREAS, the LACMTA has pledged the Proposition A Tax, less the 25% allocated to local jurisdictions and less the State Board of Equalization's costs of administering the Proposition A Tax ("Pledged Taxes") to secure the Series 2008-A Bonds and certain other obligations of the LACMTA; and

WHEREAS, the LACMTA desires to designate the Executive Director, Finance and Budget, and each Assistant Treasurer of the LACMTA as an "Authorized Commission Representative" and an "Authorized Authority Representative" for all purposes under the Trust Agreement and the Twenty-Eighth Supplemental Trust Agreement; and

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

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

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

(a) The remarketing and interest rate mode conversion of the Series 2008-A Bonds by means of the Direct Purchase Arrangements is in the public interest.

(b) Under the provisions of Ordinance No. 16, all of the Pledged Taxes are revenues of the LACMTA available for public transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Bonds were issued, pledged to secure the Bonds and are pledged to secure the Series 2008–A Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented are reasonable and proper for the security of the holders of the Series 2008–A Bonds.

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

2. **Remarketing and Interest Rate Mode Conversion of Series 2008-A Bonds and Direct Purchase Arrangements**. The remarketing and interest rate mode conversion of the Series 2008-A Bonds in accordance with the provisions of the Twenty-Eighth Supplemental Trust Agreement, the Bank of America Covenant Agreement, the U.S. Bank Covenant Agreement and/or such Other Purchaser Covenant Agreement are hereby approved. The form, terms and provisions of the Bank of America Covenant Agreement and the U.S. Bank Covenant Agreement are in all respects approved and the Chair of the LACMTA, any Vice Chair of the LACMTA, any Chief Executive Officer ("CEO") of the LACMTA, any Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a "Designated Officer"), any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Bank of America Covenant Agreement and the U.S. Bank Covenant Agreement including counterparts thereof, in the name and on behalf of the LACMTA. The Bank of America Covenant Agreement and the U.S. Bank Covenant Agreement, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Bank of America Covenant Agreement and the U.S. Bank Covenant Agreement now before this meeting; and from and after the execution and delivery of the Bank of America Covenant Agreement and the U.S. Bank Covenant

Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bank of America Covenant Agreement and the U.S. Bank Covenant Agreement.

If a Designated Officer determines that it would be in the best interests of the LACMTA to enter into one or more Other Purchaser Covenant Agreements with one or more Other Direct Purchasers, such Other Purchaser Covenant Agreement shall be substantially in the same form as the Bank of America Covenant Agreement and/or the U.S. Bank Covenant Agreement approved above. Any Designated Officer, any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver one or more Other Purchaser Covenant Agreements including counterparts thereof, in the name and on behalf of the LACMTA. Each Other Purchaser Covenant Agreement, as executed and delivered, shall be in substantially the same form as the Bank of America Covenant Agreement and/or the U.S. Bank Covenant Agreement approved above, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Bank of America Covenant Agreement and/or the U.S. Bank Covenant Agreement now before this meeting; and from and after the execution and delivery of any Other Purchaser Covenant Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Other Purchaser Covenant Agreement.

3. **Pledge of Pledged Taxes**. The Pledged Taxes are hereby irrevocably pledged in accordance with the terms of the Trust Agreement to secure the Bonds (including the Series 2008–A Bonds) and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement. Except for the Bonds (including the Series 2008–A Bonds), the LACMTA hereby confirms that it has not previously granted any prior or parity interest in such Pledged Taxes, and the LACMTA hereby agrees that, except as permitted by the Trust Agreement (as amended in accordance with its terms), it will not, as long as any of the Series 2008–A Bonds remain outstanding, grant or attempt to grant any prior or parity pledge, lien or other interest in the Pledged Taxes to secure any other obligations of the LACMTA.

4. **Special Obligations**. The Series 2008–A Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Taxes and from the funds and accounts held by the Trustee under the Proposition A Trust Agreement, such special obligation is reaffirmed. The Series 2008–A Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide.

5. **Authorized Commission Representative/Authorized Authority Representative.** The Board hereby designates each Executive Director, Finance and Budget of the LACMTA, and each Assistant Treasurer of the LACMTA as an Authorized Commission Representative and an Authorized Authority Representative for all purposes under the Trust Agreement and with respect to all bonds outstanding under the Trust Agreement. Such appointment shall remain in effect until modified by resolution.

6. **Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the remarketing and interest rate mode conversion of the Series 2008-A Bonds and the other transactions contemplated by this Resolution, and the execution and delivery of the Bank of America Covenant Agreement, the U.S. Bank Covenant Agreement and any Other Purchaser Covenant Agreements and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, the Twenty-Eighth Supplemental Trust Agreement, the Bank of America Covenant Agreement, the U.S. Bank Covenant Agreement, any Other Purchaser Covenant Agreements (including, but not limited to, any necessary amendments to the Twenty-Eighth Supplemental Trust Agreement), and any documents necessary or desirable to effect the remarketing and interest rate mode conversion of the Series 2008-A Bonds and the other transactions contemplated by this Resolution or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments in Permitted Investments (defined in the Trust Agreement) of the proceeds of the Series 2008–A Bonds and of the Pledged Taxes including the execution and delivery of investment agreements related thereto, the execution by a Designated Officer and the delivery of a tax certificate for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; the preparation and distribution of any notice requirements related to the remarketing and interest rate mode conversion of the Series 2008-A Bonds; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

7. **Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the LACMTA, any Vice Chair of the LACMTA, any CEO, any Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, or any Assistant Treasurer of the LACMTA shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

8. **Further Actions**. From and after the remarketing and interest rate mode conversion of the Series 2008-A Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify any documents related thereto at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement or modification, upon consultation with the Financial Advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of LACMTA's approval thereof.

9. **Costs of Issuance**. The LACMTA authorizes funds of the LACMTA to be used to pay costs of the remarketing and interest rate mode conversion of the Series 2008-A Bonds, including but not limited to costs of attorneys, accountants, verification agents, financial advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

10. **Severability**. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

11. **Effective Date**. This Resolution shall be effective upon adoption.

12. **Contract**. This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the LACMTA and the holders of the Series 2008–A Bonds.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _______________, 2014.

By: ____________________________________
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Attachment B

Summary of Proposals & Recommendations
Credit Agreements
Supporting Prop A 2008-A Bonds

Rank	Bank	Amount	Term (Yrs)	Estimated All-In Rate*	Estimated 1-Year Cost*	Estimated 2-Year Cost*
Direct Purchase Agreement						
1	**US Bank (recommended)**	$ 123 million	2 years	0.46%	$ 567,200	$ 1,094,300
2	Bank of America (recommended)	$ 123 million	2 years	0.49%	$ 596,600	$ 1,173,100
3	RBC	$ 123 million	3 years	0.62%	$ 759,500	$ 1,416,200
4	BMO	$ 123 million	5 years	0.87%	$ 1,073,300	$ 2,098,600
5	Goldman Sachs	$ 62 million	3 years	0.98%	$ 1,209,300	$ 2,069,900
Standby Bond Purchase Agreement (SBPA, a form of line of credit)						
1	Mizuho	$ 247 million	2-years	0.50%	$ 616,900	$ 1,205,800
2	Citi	$ 123 million	3 years	0.55%	$ 670,900	$ 1,296,800
3	State Street	$ 123 million	3 years	0.55%	$ 677,900	$ 1,303,900
4	JP Morgan	$ 247 million	2 years	0.59%	$ 721,500	$ 1,403,000
5	Bank of the West	$ 62 million	2 years	0.59%	$ 724,200	$ 1,408,400
6	Sumitomo	$ 200 million	3 years	0.60%	$ 732,300	$ 1,407,600
7	Bank of Tokyo	$ 123 million	3 years	0.64%	$ 787,700	$ 1,531,000
Alternative						
	Barclays	Any	n/a	0.99%	$ 1,214,300	$ 2,074,900
	* Based on 3-year averages of SIFMA and 1-month LIBOR; includes amortized up-front costs and on-going costs. Based on $123 million facility for comparability.					

Note: Currently targeted proposers are indicated in bold.

Based on the proposals and current market conditions, the combined all-in cost (excluding principal repayment) for the Prop A 2008-A bonds is anticipated to be approximately $2.3 million over the 2-year term. A significantly greater amount could be due if Metro's credit ratings were lowered, Metro were to be in default, and/or short-term interest rates rise substantially.

The rankings assume the interest rates in the public markets, secured by an SBPA, and the rates tied to a percentage of LIBOR or the Securities Industry and Financial Markets Association weekly tax-exempt index (SIFMA) are essentially identical, which has been the case in recent years and is currently the case.