

NOTICE INVITING BIDS

\$[PAR]*
Los Angeles County Metropolitan Transportation Authority
(California)
Proposition C Sales Tax Revenue Refunding Bonds
Second Senior Bonds, Series 2003-B
(Book Entry Only)

NOTICE IS HEREBY GIVEN that proposals will be received by the Los Angeles County Metropolitan Transportation Authority (the "MTA") for the purchase of \$[PAR]* original principal amount of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-B (the "Bonds"). Proposals for the purchase of such Bonds will be accepted through the receipt of sealed written bids and the receipt of bids through the use of electronic bidding systems. The bids will be received at the place and up to the time specified below:

Time: _____, 2003
9:00 a.m. California Time

Delivery of Sealed Bids: Offices of the MTA
One Gateway Plaza, Treasury Department
21st Floor
Los Angeles, California 90012
Attn: Treasurer

Submission
of Electronic Bids: Electronic proposals may be submitted only through PARITY®, the "Approved Provider." The Approved Provider will act as agent of the bidder and not of the MTA in connection with the submission of bids and the MTA assumes no responsibility or liability for bids submitted through the Approved Provider. **Neither the MTA, the Financial Advisor nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted through the Approved Provider by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause arising from delivery through the Approved Provider.** See "TERMS OF SALE—Information Regarding Electronic Proposals" herein.

No bids will be accepted by facsimile. All sealed written bids must be on the Bid Form in an envelope clearly marked "Proposal for Los Angeles County Metropolitan Transportation Authority, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-B." All electronic proposals shall be deemed to incorporate the provisions of the Bid Form. See instructions under "TERMS OF SALE—Form of Bid; Interest Rates; Maximum Discount," below. It is suggested that bidders contact the MTA's Financial Advisor to indicate whether they will be submitting their bid

* Preliminary; subject to change.

through the Approved Provider or whether they intend to submit their bid in written format and to obtain directions to the place where the written bids will be accepted. See “TERMS OF SALE—Additional Information” herein.

Security; Purpose

The Bonds will be issued under the terms of a Trust Agreement, dated as of October 1, 1992, as amended and supplemented (the “Trust Agreement”), by and between the Los Angeles County Transportation Commission, as predecessor to the MTA, and Bank of America National Trust and Savings Association, the predecessor trustee to U.S. Bank Trust National Association, as succeeded by merger to U.S. Bank National Association, as trustee (the “Trustee”) and the Tenth Supplemental Trust Agreement, dated as of [_____] 1, 2003 (the “Tenth Supplement” and together with the Trust Agreement, the “Agreement”), by and between the MTA and the Trustee.

The Bonds are special limited obligations payable from and secured by (a) a certain 1/2 of 1% retail transactions and use tax applicable in the County of Los Angeles (the “County”) pursuant to Ordinance No. 49 approved by the electors of the County on November 6, 1990 (the “Proposition C Sales Tax”) less 20% thereof paid to local jurisdictions (if not pledged to repay the Bonds) and certain administrative fees and (b) certain other limited amounts held under the Agreement, all as further described in the Preliminary Official Statement for the Bonds (the “Pledged Revenues”).

The MTA is not obligated to make payments on the Bonds from any other source of funds. The Bonds are not an obligation of the County, the State of California or any political subdivision thereof other than the MTA, and neither the full faith and credit nor the taxing power of said County, said State or any other entity is pledged to the payment of any amounts due on the Bonds.

The Bonds will be issued for the purposes of (a) current refunding all of the MTA’s Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1993-B (the “Refunded Bonds”), (b) funding a reserve fund with respect to the Bonds and (c) paying the costs of issuance for the Bonds. The MTA has previously issued eight series of its Revenue Bonds payable from the Pledged Revenues on a parity with the Bonds of which \$[_____] in aggregate principal amount remains outstanding. Additional future series of parity bonds may be issued by the MTA, from time to time, with a lien on the Proposition C Sales Tax prior to or on a parity with the Bonds subject to the terms and conditions set forth in the Trust Agreement. Bidders are referred to the Agreement and the Preliminary Official Statement for further particulars.

Payment; Book Entry Only

The Bonds will be issued in registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will initially be issued in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates from the MTA representing their interest in the Bonds. Payments of principal, interest and redemption premium, if any, will be made by the Trustee to DTC for subsequent disbursement to DTC participants to then be remitted to the beneficial owners of the Bonds. See the discussion of the “Book-Entry-Only System” in the hereinafter described Preliminary Official Statement.

Interest Payment Dates

The Bonds will be dated [_____, 2003].* The Bonds will bear interest from such date and such interest shall be payable on January 1, 2004 and semiannually thereafter on each January 1 and July 1 until maturity or prior redemption. The Bonds shall bear interest at the rate or rates to be fixed upon the sale thereof.

Principal Amortization

The Bonds will be issued in the aggregate original principal amount of \$[PAR]* with principal amounts payable either through serial maturities or by sinking fund redemption or a combination thereof on July 1 in years and in the amounts set forth in the Bid Form (subject to adjustments described below). The principal amounts for the Bid Form will be published through TM3 approximately 48 hours prior to the bid opening. The principal amounts for the Bid Form may also be obtained from Public Financial Management, Inc. (the "Financial Advisor").

Adjustments of Principal Amounts

The principal amounts set forth in the Bid Form for the Bonds will reflect certain estimates of the MTA and its Financial Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the applicable winning bid. After selecting the winning bid, the amortization schedule contained in the Bid Form may be adjusted as necessary in the determination of the MTA's Financial Advisor in \$5,000 increments to reflect the actual interest rates and any premium/discount in the winning bid, to create a more level annual debt service on the MTA's bonds (including the Bonds), and/or to accommodate certain other sizing requirements or preferences of the MTA. Such adjustments will not change the aggregate principal amount of the Bonds to be issued from the amount set forth in the Bid Form by more than [___]% or change the principal amount due on such Bonds in any year by the greater of \$[_____] or [___]%. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect any such adjustment in the amortization schedule. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in the winning bid. Any such adjustments will be communicated to the winning bidder within 27 hours after the opening of the bid.

Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Bonds.

Serial Bonds and/or Term Bonds

Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

Mandatory Sinking Fund Redemption

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on July 1 of the first year which has been combined to form such term bond continuing on July 1 in each year thereafter until the stated maturity date of that term bond. No term bond maturing on or after July 1, 20[___], may have sinking fund payments prior to July 1, 20[___]. The amount redeemed in any year shall

*Preliminary; subject to change.

be equal to the principal amount for such year set forth above as adjusted in accordance with the provisions described above under the caption “—Adjustments of Principal Amounts.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds then subject to redemption. The MTA, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption, which have been purchased and cancelled by the MTA or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Optional Redemption

The Bonds due on or after July 1, 20[___] are redeemable at the option of the MTA on or after July 1, 20[___], in whole or in part at any time, from any moneys that may be provided for such purpose and at the redemption price of 100% of the principal amount of such Bonds so redeemed plus accrued interest to the date fixed for redemption.

TERMS OF SALE

Form of Bid; Interest Rates; Maximum Discount

Bidders must bid to purchase all and not part of the Bonds, and must submit their bids on the Bid Form which is provided with this Notice Inviting Bids or through electronic means as provided in this Notice Inviting Bids. All electronic proposals shall be deemed to incorporate the provisions of the Bid Form. Bidders must specify a rate of interest for each maturity of the Bonds. Each interest rate must be expressed in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%), and no interest rate shall exceed seven percent (7%) per annum.

Bidders may bid to purchase the Bonds from the MTA at a discount or with a premium; however, no bid will be considered if the bid is to purchase any maturity of the Bonds maturing on or after July 1, 20[___] at a price less than [___]% of the principal amount of such maturity. Except for electronic proposals submitted in accordance with the following paragraph, each bid, together with such bidder’s bid check in the amount set forth below must be enclosed in a sealed envelope addressed to the MTA with the envelope and bid clearly marked as described above. A Surety Bond given in lieu of the bid check may be provided separately prior to or at the time herein specified for receiving bids. See “—Bid Check/Surety Bond” below. Each bid must be in accordance with the terms and conditions set forth in this notice.

Information Regarding Electronic Proposals

Electronic proposals must be submitted through the Approved Provider. Any electronic proposal submitted through any other means shall be disregarded.

The MTA, the MTA’s Financial Advisor and Bond Counsel are not responsible for the proper operation of, and shall not have any liability for any delays or interruptions of or any damages caused by, the Approved Provider. Each bidder expressly assumes the risk of any incomplete, inaccurate or untimely bid submitted through the Approved Provider, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause. The MTA is using the Approved Provider as a communications mechanism and not as the MTA’s agent to conduct electronic bidding for the Bonds. The MTA is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the MTA is not responsible

for any of such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from PARITY®, 395 Hudson Street, New York, NY 10014 (212-806-8304). The MTA assumes no responsibility or liability for bids submitted through the Approved Provider. To the extent any instructions or directions set forth in PARITY® conflict with this Notice Inviting Bids, the terms of this Notice Inviting Bids shall control.

The MTA may regard the electronic submission of a bid through the Approved Provider (including information about the purchase price for the Bonds and interest rate to be borne by the various maturities of the Bonds and any other information included in such transmission) as though the same information were submitted by the bidder on the Bid Form and executed on the bidder's behalf by a duly authorized signatory. If such bid is accepted by the MTA, this Notice Inviting Bids, the Bid Form and the information that is electronically transmitted through the Approved Provider shall form a contract and the successful bidder shall be bound by the terms of such contract.

In the event of any conflict between the information represented by the Approved Provider and the terms set forth in this Notice Inviting Bids and the Bid Form, the terms set forth in this Notice Inviting Bids and the Bid Form shall control.

Bid Check/Surety Bond

Each bidder must provide a certified or cashier's check dated in same day or next day funds drawn on a bank or trust company in the amount of \$[_____] for the Bonds payable to the order of "The Los Angeles County Metropolitan Transportation Authority" or must provide a financial surety bond ("Surety Bond") in the amount of \$[_____] issued by an insurance company rated "AAA" by Standard & Poor's Rating Group and licensed to issue such a bond in the State of California naming the MTA as the beneficiary and identifying the bidder whose deposit is guaranteed by the Surety Bond. Bidders who intend to submit their bid through the Approved Provider must either provide a Surety Bond or ensure that their bid check has been received by the MTA no later than the time established for receipt of bids. Each Surety Bond shall provide that it will not expire prior to 12:00 p.m. (California Time) on the business day next succeeding the day of acceptance of the proposal. If the winning bidder has provided a Surety Bond, such bidder shall wire transfer to the MTA the amount of \$[_____] in immediately available federal funds not later than 12:00 p.m. (California Time) on the business day next succeeding the day of acceptance of the proposal which amount shall be deposited in an escrow fund and applied to the purchase price of the Bonds. In the event the MTA has not received such federal funds wire transfer by the time stated, the MTA may draw upon the Surety Bond to satisfy the winning bidder's deposit requirement. The check accompanying any accepted proposal shall be cashed and deposited in an escrow fund and applied to the purchase price of the Bonds at the time of delivery of the Bonds. If after the award of the Bonds, the successful bidder fails to complete the purchase on the terms stated in its proposal, the amount received from such bidder by the MTA, whether by bid check or pursuant to the Surety Bond procedures set forth above, will be retained by the MTA as stipulated liquidated damages. The check accompanying each unaccepted proposal will be returned promptly. **No interest will be paid upon the deposit made by any bidder.** If the aggregate principal amount of the Bonds is adjusted as described under the caption "—Adjustments of Principal Amounts," the successful bidder will not be required to deposit an additional bid check or Surety Bond and will not be entitled to the return of any portion of the bid check or deposit under the Surety Bond procedures previously delivered except as described in this paragraph.

Best Bid

If a satisfactory bid is received, the Bonds will be awarded to the lowest responsible bidder, considering the rate or rates specified and the discount bid or premium offered, if any. The lowest

responsible bidder shall be the bidder submitting the best price for the Bonds, which best price shall be that resulting in the lowest true interest cost. The true interest cost shall be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Bonds and to the price bid (including any premium or discount) not including accrued interest. For the purpose of calculating the true interest cost, the principal amount of Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as serial maturity for such year. In the event two or more bids offer the same lowest true interest cost for the Bonds, the MTA reserves the right to exercise its own discretion and judgment in making the award. The successful bidder must pay accrued interest, computed on a 360-day year (30-day month) basis, from and including the dated date of the Bonds to but not including the date of delivery. The Chair of the MTA, any Vice Chair of the MTA, the Chief Executive Officer (“CEO”) of the MTA, any Deputy Chief Executive Officer of the MTA, the Chief Financial Officer of the MTA, the Executive Officer–Finance of the MTA, the Treasurer of the MTA and any written designee of the CEO, or any of them (the “Designated Officer”), has been authorized to accept the best bid. Upon accepting the best bid, the Designated Officer shall notify the bidder submitting such bid and shall reject all other bids. The cost of printing the Bonds, if any, will be borne by the MTA.

Opening of Bids; Award

The bids for the Bonds will be opened and electronic proposals retrieved at the time and place shown above. The MTA intends to take action awarding the Bonds or rejecting all bids for the Bonds not later than 27 hours after the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder after the award is made.

Right to Reject Bids; Waive Irregularities

The MTA reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or nonconformity in any bid.

Delivery and Payment; Book Entry Only

Delivery of the Bonds is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about [_____, 2003] and will be available to the successful bidder in book entry form only, as more fully set forth in the Preliminary Official Statement for the Bonds. The successful bidder shall pay for the Bonds in Los Angeles in immediately available federal funds on the date of delivery of such Bonds to DTC. Any expense of providing federal funds shall be borne by the successful bidder.

Insurance

The successful bidder may purchase municipal bond insurance, if available, for some or all of the Bonds. However, the delivery of the Bonds shall not be conditioned upon the issuance of any such insurance. The Authority makes no representation as to whether the Bonds qualify for insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. In particular, the Authority will not amend or supplement the Agreement or any other authorizing documents in any way, nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such insurance policy. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE

BONDS. Each successful bidder must provide the Authority with the municipal bond insurance commitment, if any, including the amount of the policy premium, as well as information with respect to the municipal bond insurance policy and insurance provider for the inclusion in the final Official Statement within two business days following the award of the bid by the Authority. The successful bidder will be required, prior to the delivery of the Bonds, to furnish to the Authority a certificate acceptable to Bond Counsel with appropriation certifications regarding the present value of the premium paid and the cost of the insurance policy.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel the contract of purchase if the MTA shall fail to deliver the Bonds within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

List of Account Members

Bidders are requested to list in the place and in the manner set forth in the Bid Form the members of the bidding group on whose behalf the bid is made. Each bid shall constitute the joint and several obligation of all of the members of the bidding group.

Equal Opportunity

IT IS THE POLICY OF THE MTA TO PROVIDE MINORITY BUSINESS ENTERPRISES (MBE'S), WOMEN BUSINESS ENTERPRISES (WBE'S), SMALL BUSINESS ENTERPRISES (SBE'S), DISADVANTAGED BUSINESS ENTERPRISES (DBE'S) AND ALL OTHER BUSINESS ENTERPRISES AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL MTA CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE MTA IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL BUSINESS ENTERPRISES, INCLUDING MBE'S, SBE'S AND WBE'S, HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN ANY SYNDICATE SUBMITTING A BID.

Statement of True Interest Cost

Each bidder is requested, but not required, to state in its proposal the total true interest cost in dollars and the percentage true interest cost determined thereby, which shall be considered as informative only and not binding.

CUSIP Numbers; Fees

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. It will be the responsibility of the successful bidder to ensure that CUSIP numbers are obtained for the Bonds. All expenses of printing the CUSIP numbers on the Bonds shall be paid for by the MTA including the CUSIP Service Bureau charge for the assignment of said numbers. The successful bidder will be required to pay the fees of the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds.

Official Statement

The MTA has delivered a Preliminary Official Statement relating to the Bonds and has authorized the use of said Preliminary Official Statement in connection with the sale of the Bonds. The Preliminary

Official Statement has been “deemed final” by the MTA for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. Upon the sale of the Bonds, the MTA will complete an Official Statement substantially in the same form as the Preliminary Official Statement subject to such amendments as are necessary. Not more than [___] copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose at the expense of the MTA. Additional copies may be obtained at the expense of such purchaser.

Continuing Disclosure

The MTA has covenanted and agreed to enter into a written agreement or contract, constituting an undertaking to provide ongoing disclosure about the MTA, for the benefit of the Bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12 (17 CFR Part 240, Section 240.15c2-12) (the “Rule”), which undertaking shall be in the form as summarized in the Preliminary Official Statement, with such changes as may be agreed to in writing by the successful bidder.

Ratings in Effect

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Bonds at the time fixed for receiving bids.

Change in Tax Exempt Status

At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw its proposal if the interest received by private holders of obligations of the same type and character of the Bonds (as determined by Bond Counsel) shall be declared to be includible in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of this Notice Inviting Bids.

Information Required from Winning Bidder; Reoffering Price

By making a bid for the Bonds, the successful bidder agrees (a) to provide to the MTA, in writing, within 24 hours of the acceptance of the bid, pricing and other related information necessary for completion of the final Official Statement, (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the MTA, (c) to promptly file a copy of the final Official Statement, including any supplements prepared by the MTA, with each Nationally Recognized Municipal Securities Information Repository and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Before delivery of the Bonds, the successful bidder shall furnish to the MTA a written statement in form and substance acceptable to Bond Counsel (a) stating the initial reoffering price of each maturity of the Bonds to the general public; (b) certifying that a bona fide offering of the Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries); (c) stating the prices at which at least 10% of each maturity of the Bonds were sold to the public (excluding bond houses, brokers, and other intermediaries) prior to the sale of any bonds of each maturity at other prices; and (d) certifying that the price at which each maturity of Bonds was sold did not exceed the fair market value of such maturity as of the sale date.

California Debt and Investment Advisory Commission Fee

All bidders are advised that pursuant to Section 8856 of the California Government Code, it will be the responsibility of the successful bidder to pay the statutory fee to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the successful bidder.

Legal Opinion; Closing Documents

Each proposal will be understood to be conditioned upon the MTA furnishing to such purchaser, without charge, concurrently with payment and delivery of the Bonds, the following closing papers, each dated the date of such delivery:

(a) **Legal Opinion; Tax Exempt Status.** The Bonds will be issued subject to the approving opinion of Kutak Rock LLP, Bond Counsel, to the effect that the Bonds are the legally valid and binding limited obligations of the MTA payable from the specified portion of the Proposition C Sales Tax Revenues, and that in the opinion of such Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the interest paid by the MTA on the Bonds and received by the Owners is exempt from present State of California personal income taxation and, assuming compliance by the MTA with certain covenants contained in the Agreement, and the tax certificate, said interest with respect to such Bonds is excluded from gross income for federal income tax purposes. Additionally, Bond Counsel shall opine that interest on the Bonds does not constitute an item of tax preference for purposes of determining the federal alternative minimum tax for individuals and corporations;

(b) **No Litigation Certificates.** A certificate of an official of the MTA that there is no litigation pending concerning the validity of the Bonds, the corporate existence of the MTA or the entitlement of the officers legally responsible for the authorization, execution and delivery of the Bonds to their respective offices;

(c) **Certificate.** A certificate of an official of the MTA stating that as of the date thereof, to the best of the knowledge and belief of said official after reading and reviewing the Official Statement, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the MTA which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds;

(d) **Continuing Disclosure Certificate.** A Continuing Disclosure Certificate or other undertaking for the benefit of the holders and beneficial owners of the Bonds satisfying the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5), pursuant to which the MTA agrees to provide certain financial information and operating data annually and notice of certain other events;

(e) **Receipt.** A receipt of the Trustee showing that the purchase price of the Bonds, including interest accrued to the date of delivery thereof, has been received by the Trustee; and

(f) **Verification Report.** A verification report to be received by the MTA with respect to the refunding of the Refunded Bonds.

Right to Modify or Amend

The MTA reserves the right to modify or amend this official Notice Inviting Bids and the Bid Form, including, but not limited to, the right to adjust and change the principal amount of the Bonds being offered; however, such notifications or amendments shall be made not later than 24 hours prior to the bid opening and communicated through TM3 and by facsimile transmission to any bidder timely requesting such notice.

Postponement

The MTA reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced through TM3 given not later than 1:00 p.m. (New York Time), on the last business date prior to any date scheduled for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date (either a Tuesday, Wednesday or Thursday) will be announced through TM3 at least 48 hours prior to such alternative sale date and will be provided by facsimile transmission to any bidder timely requesting such notice. On any such alternative sale date, any bidder may submit a sealed written bid or electronic proposal for the purchase of the Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced through TM3 at the time the sale date and time are announced.

Blue Sky Laws

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection therewith.

Governing Law

This Notice Inviting Bids and the Bonds shall be governed by and construed in accordance with the laws of the State of California.

Additional Information

For further information respecting the terms and conditions of the Bonds bidders are referred to the Trust Agreement, the Tenth Supplement and the Preliminary Official Statement. A copy of the Preliminary Official Statement and other information concerning the proposed financing will be furnished upon request made to the Financial Advisor of the MTA: Public Financial Management, Inc., 660 Newport Center Drive, Suite 750, Newport Beach, California, 92660 Attention: Craig Hoshijima. Additionally, a copy of the Preliminary Official Statement can be obtained in electronic format from _____.

Given by order of the Los Angeles County Metropolitan Transportation Authority [_____, 2003].

Terry Matsumoto, Executive Officer, Finance and Treasurer
Los Angeles County Metropolitan Transportation Authority

BID FORM

\$[PAR]*
Los Angeles County Metropolitan Transportation Authority
(California)
Proposition C Sales Tax Revenue Refunding Bonds
Second Senior Bonds, Series 2003-B

[_____, 2003]

The Honorable Board of Directors of
the Los Angeles County Metropolitan
Transportation Authority
c/o Treasurer
One Gateway Plaza
21st Floor, Treasury Department
Los Angeles, California 90012

Ladies and Gentlemen:

Subject to the provisions of and in accordance with the terms of the Notice Inviting Bids, dated [_____, 2003] of the Los Angeles County Metropolitan Transportation Authority (the "Authority") for its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-B (the "Bonds"), which is incorporated herein and hereby made a part hereof:

We hereby offer to purchase all, but not less than all, of the [_____] * aggregate principal amount of the Bonds described in the Notice Inviting Bids and to pay therefor the amount of \$_____, constituting ___% of the aggregate principal amount of the Bonds, plus the interest accrued, if any, on the Bonds from [_____, 2003] to the date of their delivery. This offer is for the Bonds bearing interest at the rates and in the form of serial bonds and term bonds as follows:

* Aggregate principal amount and principal amortization amounts may be adjusted as set forth in the Notice Inviting Bids.

We further acknowledge and agree that in the event that any adjustments are made to the principal amount of the Bonds, we agree to purchase all of the Bonds, taking into account such adjustments on the above specified terms of this proposal for the Bonds.

If we are the successful bidder, we will (a) within one hour after being notified of the award of the Bonds, advise the MTA of the initial public offering prices of the Bonds and (b) timely furnish the additional information described under the caption “TERMS OF SALE—Information Required from Winning Bidder; Reoffering Price” in the Notice Inviting Bids.

If we are the successful bidder, we agree to provide to the MTA as soon as possible after the sale of the Bonds a complete list of syndicate members, the actual allocation of the Bonds and the orders placed by the syndicate members.

We have noted that payment of the purchase price is to be made in immediately available funds at the time of delivery of the Bonds.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid.

We desire ____ copies (not exceeding ____) of the Official Statement for the Bonds (as provided in the Notice Inviting Bids). We understand that we may obtain additional copies at our own expense.

We further certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Respectfully submitted,

Address for Return of
Unsuccessful Bid Checks

By _____
Account Manager

By _____
Address _____
Telephone: _____
Facsimile: _____

(names of account members are listed below).

ACCOUNT MEMBERS

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