

**Metro****FINANCE AND BUDGET COMMITTEE
JANUARY 16, 2008****SUBJECT: PROP C BONDS****ACTION: ADOPT RESOLUTION AUTHORIZING ISSUANCE OF
REFUNDING BONDS****RECOMMENDATION**

Adopt a resolution (Attachment 1) that authorizes the issuance of up to \$200 million of Prop C refunding bonds to refund the Prop C 1998-A Bonds and that approves related documents that are on file with the Board Secretary.

(Requires separate, simple majority Board vote.)

RATIONALE

Due to generally low interest rates and the current flatness of the interest rate yield curve, Metro has the opportunity to refund up to \$170 million of the currently outstanding Prop C 1998-A bonds and lock in as much as \$4 million in present value savings. Approval of the resolution will position Metro to expeditiously sell the refunding bonds so long as the savings continue to meet the Debt Policy refunding criteria.

Discussion

The Board previously appointed the underwriting team at the November 2007 Board meeting. For tax reasons, use of the more typical advance refunding structure is precluded until April 2, 2008. Therefore, the use of either a long delivery period or forward delivery bond sale is proposed in order to lock in the current low interest rate rather than risking changes in the market by waiting until April 2008.

A long delivery period sale targets most typical investors and uses standard documentation with a delivery period of about two months compared to two weeks in a typical bond sale. While our preference will be to use a long delivery period, given the repercussions on all financial markets from the subprime mortgage issues, there is concern that investors may be unwilling to use a long delivery period. As a fallback, a forward bond sale targets a limited pool of sophisticated investors but requires additional documentation to address credit concerns. The choice of techniques will be made based on market conditions near the date of pricing, early February 2008. Either of these methods requires the negotiated bond sale method.

The fixed rate financing authorized by this report will be used to refund bond maturities that provide approximately equal or greater savings versus a swap structure. Historically, a fixed rate structure has produced greater savings for maturities up to 10 years. Any remaining balance of the \$170 million of outstanding Prop C 1998-A bonds will be

refunded in a separate refunding transaction that will utilize an interest rate swap or other hedge product.

FINANCIAL IMPACT

The costs of issuance for this refunding were not budgeted in FY08 because of the uncertainty related to completing any refunding. If executed, the refunding will generate a favorable variance in debt service interest, project 610307, account 51121, in FY08 to offset costs of issuance.

ALTERNATIVES CONSIDERED

Various bond structuring alternatives were considered including the issuance of variable rate bonds in combination with a LIBOR indexed interest rate swap or the use of hedging products to lock-in interest rates until the bonds become eligible to be refunded in April 2008. The interest rate swap alternative will be recommended as a separate refunding transaction next month.

Approval of the recommendation allows Metro to be positioned to take advantage of this refunding opportunity in the face of potentially adverse market fluctuations.


NEXT STEPS

- Distribute the Preliminary Official Statement to potential investors
- Initiate pre-marketing effort
- Price the bonds in February.
- Deliver the bonds in on April 2, 2008

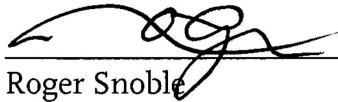
ATTACHMENT

1. Authorizing Resolution

Prepared by: Michael J. Smith, Assistant Treasurer



Terry Matsumoto
Chief Financial Services Officer and Treasurer



Roger Snoble
Chief Executive Officer

Attachment A

HD&W LLP – Draft 12/13/07

**RESOLUTION OF THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
AUTHORIZING THE ISSUANCE AND SALE OF
ONE OR MORE SERIES OF ITS PROPOSITION C SALES
TAX REVENUE REFUNDING BONDS, SECOND SENIOR
BONDS AND APPROVING OTHER RELATED MATTERS**

(PROPOSITION C 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 transit 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. 49 adopted August 28, 1990 (“Ordinance No. 49”), imposed a ½ of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the “Proposition C Tax”), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use 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 is planning and engineering a Countywide rail, bus and highway transit system (the “Rail, Bus and Highway Transit System”) to serve the County and has commenced construction of portions of the Rail, Bus and Highway Transit System; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of a Trust Agreement, dated as of October 1, 1992, as amended and supplemented (the “Trust Agreement”), by and between the Commission, as predecessor to the LACMTA, and Bank of America National Trust and Savings Association, the predecessor trustee to U.S. Bank Trust

National Association, as succeeded by merger by U.S. Bank National Association (the "Trustee"), issued \$516,855,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1992-A (the "Series 1992-A Bonds") pursuant to a First Supplemental Trust Agreement, dated as of October 1, 1992, by and between the Commission, as predecessor to the LACMTA, and the Trustee; issued \$204,095,000 of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 1993-A (the "Series 1993-A Bonds") pursuant to a Third Supplemental Trust Agreement, dated as of June 1, 1993, by and between the LACMTA and the Trustee; issued \$312,350,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1993-B (the "Series 1993-B Bonds") pursuant to a Fourth Supplemental Trust Agreement, dated as of November 15, 1993, by and between the LACMTA and the Trustee; issued \$250,000,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1995-A (the "Series 1995-A Bonds") pursuant to a Fifth Supplemental Trust Agreement, dated as of June 1, 1995, by and between the LACMTA and the Trustee; issued \$219,710,000 of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 1998-A (the "Series 1998-A Bonds") pursuant to a Sixth Supplemental Trust Agreement, dated as of March 1, 1998, by and between the LACMTA and the Trustee; issued \$124,805,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1999-A (the "Series 1999-A Bonds") pursuant to a Seventh Supplemental Trust Agreement, dated as of February 1, 1999, by and between the LACMTA and the Trustee; issued \$161,995,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 2000-A (the "Series 2000-A Bonds") pursuant to an Eighth Supplemental Trust Agreement, dated as of November 1, 2000, by and between the LACMTA and the Trustee; issued \$94,840,000 of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-A (the "Series 2003-A Bonds") pursuant to a Ninth Supplemental Trust Agreement, dated as of March 1, 2003, by and between the LACMTA and the Trustee; issued \$170,775,000 of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-B (the "Series 2003-B Bonds") pursuant to a Tenth Supplemental Trust Agreement, dated as of October 1, 2003, by and between the LACMTA and the Trustee; issued \$221,850,000 of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2003-C (the "Series 2003-C Bonds") pursuant to an Eleventh Supplemental Trust Agreement dated as of October 1, 2003, by and between the LACMTA and the Trustee; issued \$176,345,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 2004-A (the "Series 2004-A Bonds") pursuant to a Twelfth Supplemental Trust Agreement, dated as of October 1, 2004, by and between the LACMTA and the Trustee; issued \$129,385,000 of its Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 2006-A (the "Series 2006-A Bonds") pursuant to a Thirteenth Supplemental Trust Agreement, dated as of September 1, 2006, by and between the LACMTA and the Trustee (collectively, the "Prior Bonds"); and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the State Board of Equalization's costs of administering such tax) to secure the Prior Bonds; and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series from time to time of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds (the "Bonds") to (a) refund a portion of the outstanding Series 1998-A Bonds; (b) fund or make provision for a reserve fund, if necessary, for the Bonds; and (c) pay certain costs related thereto; and

WHEREAS, there have been presented to the LACMTA forms of the following documents:

(a) a Fourteenth Supplemental Trust Agreement (the “Fourteenth Supplemental Trust Agreement”) by and between the LACMTA and the Trustee, the form of which will be used in connection with the issuance of the Bonds;

(b) an Escrow Agreement (the “Escrow Agreement”) by and among the LACMTA, the Trustee and U.S. Bank National Association, acting as escrow agent, the form of which will be used in connection with the refunding and defeasance of a portion of the outstanding Series 1998-A Bonds;

(c) a Preliminary Official Statement (the “Preliminary Official Statement”), the form of which will be used in connection with the sale of the Bonds, which describes the Bonds, the LACMTA and its operations;

(d) a Forward Delivery Bond Purchase Agreement (the “Forward Delivery Bond Purchase Agreement”), to be dated the date of sale of the Bonds, between Banc of America Securities LLC, as representative (the “Representative”), on its own behalf and on behalf of E. J. De La Rosa & Co., Inc. and RBC Capital Markets (collectively, the “Underwriters”) and the LACMTA;

(e) a Bond Purchase Agreement (the “Bond Purchase Agreement”), to be dated the date of sale of the Bonds, between Banc of America Securities LLC, as representative (the “Representative”), on its own behalf and on behalf of E. J. De La Rosa & Co., Inc. and RBC Capital Markets (collectively, the “Underwriters”) and the LACMTA; and

(f) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) by the LACMTA, the form of which will be used in connection with the issuance of the Bonds, in order to assist the underwriter(s) of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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 Bonds and said documents are subject to completion to reflect the results of the sale, from time to time, of the Bonds; and

WHEREAS, the LACMTA has determined that it is in the best interests of the public transportation needs of the County to provide for the issuance and sale of one or more series of the Bonds, from time to time, to refund all or a portion of the outstanding Series 1998-A Bonds; and

WHEREAS, the Proposition C Tax, less the 20% allocated to local jurisdictions and less the costs of the State Board of Equalization for administering the Proposition C Tax, are herein referred to as the “Pledged Taxes”; 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 Fourteenth Supplemental Trust Agreement;

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

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

(a) The issuance of one or more series from time to time of its Bonds to refund up to \$169,835,000 aggregate principal amount of the outstanding Series 1998-A Bonds, to fund or provide for a reserve fund (the "Reserve Fund"), if necessary, for the Bonds and pay certain costs related thereto is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Bonds were issued, pledged to secure the Prior Bonds and are pledged to secure the Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and in the form of the Fourteenth Supplemental Trust Agreement are reasonable and proper for the security of the holders of the Bonds.

Section 2. Issuance of Bonds; Terms of Bonds. For the purposes of refunding up to \$169,835,000 aggregate principal amount of the outstanding Series 1998-A Bonds, funding or providing for a portion of the Reserve Fund, if necessary, established under the Trust Agreement and paying certain costs related thereto, the LACMTA hereby authorizes the issuance of one or more series of its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, from time to time or at the same time. The total aggregate principal amount of Bonds issued from time to time under this Resolution (whether in one series or multiple series) shall not exceed the amount needed to refund up to \$169,835,000 aggregate principal amount of the outstanding Series 1998-A Bonds, fund or provide for a portion of the Reserve Fund, if necessary, and pay certain costs related thereto, all in accordance with the debt policy of the LACMTA, and in any event shall not exceed \$200,000,000 aggregate principal amount plus the amount of any original issue premium at which the Bonds may be sold. The Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer ("CEO") of the LACMTA, any Deputy Chief Executive Officer of the LACMTA, the Chief Financial Services Officer of the LACMTA, the Treasurer and Assistant Treasurer of the LACMTA or any written designee of the CEO of any of them (each, a "Designated Officer"), acting in accordance with this Section 2, are each hereby authorized to determine the actual aggregate principal amount of the Bonds to be issued from time to time (in no event in excess of the maximum amount set forth above) and to direct the execution and authentication of the Bonds in such amounts. Such direction shall be conclusive as to the principal amounts hereby authorized. The Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the form of the Fourteenth Supplemental Trust Agreement. Payment of principal of, interest on and premium, if

any, on the Bonds shall be made at the place or places and in the manner provided in the Trust Agreement and the Fourteenth Supplemental Trust Agreement.

The Bonds may be issued as current interest bonds or capital appreciation bonds or a combination thereof. The Bonds issued as current interest bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Bonds issued as capital appreciation bonds, if any, shall be available in denominations of \$5,000 final maturity amount and integral multiples thereof. The Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Fourteenth Supplemental Trust Agreement. The Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Fourteenth Supplemental Trust Agreement. No Refunding Bond shall bear interest at a rate in excess of six percent (6%) per annum. Interest on the Bonds shall be paid on the dates set forth in the Fourteenth Supplemental Trust Agreement. Interest on the Bonds issued as capital appreciation bonds, if any, shall be paid at maturity or prior redemption of such Bonds. The Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Fourteenth Supplemental Trust Agreement. The Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Fourteenth Supplemental Trust Agreement.

Execution and delivery of the Fourteenth Supplemental Trust Agreement, which document contains the maturities, interest rates and the fixed interest payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, interest rates and payment obligations for the Bonds.

Section 3. Pledge of Pledged Taxes. The Pledged Taxes are hereby irrevocably pledged in accordance with the terms of the Trust Agreement to secure the outstanding Prior Bonds, the Bonds, and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement. Except for the Prior 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 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.

Section 4. Special Obligations. The 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 Trust Agreement and the Fourteenth Supplemental Trust Agreement. The Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide.

Section 5. Forms of Bonds. The Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the forms set forth in Exhibit A to the Fourteenth Supplemental Trust Agreement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Fourteenth Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Bonds and the obligation represented thereby.

Section 6. Execution of Bonds. Each of the Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Bonds.

Section 7. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Fourteenth Supplemental Trust Agreement and the Escrow Agreement within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officer is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fourteenth Supplemental Trust Agreement and the Escrow Agreement, including counterparts thereof, in the name of and on behalf of the LACMTA. The Fourteenth Supplemental Trust Agreement and the Escrow Agreement, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Fourteenth Supplemental Trust Agreement and the Escrow Agreement now before this Board; and from and after the execution and delivery of the Fourteenth Supplemental Trust Agreement and the Escrow 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 Fourteenth Supplemental Trust Agreement and the Escrow Agreement.

Section 8. Sale of Bonds.

(a) The LACMTA hereby authorizes the sale of the Bonds through a negotiated sale to Banc of America Securities LLC, E. J. De La Rosa & Co., Inc. and RBC Capital Markets (collectively, the "Underwriters"). In connection therewith, the LACMTA hereby approves the form of the Preliminary Official Statement (the "Preliminary Official Statement") presented at this meeting and authorizes the Underwriters to distribute (via written format and/or through electronic means) the Preliminary Official Statement to market the Bonds from time to time, with such additions, deletions and changes as the Designated Officers, or any of them, deemed to be appropriate. The Underwriters are hereby further authorized to distribute (via written format and/or through electronic means) copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as any Designated Officer, any one or more thereof, shall approve. The Preliminary Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer (after consultation with the LACMTA's financial advisor and Bond Counsel and such other advisors as the Designated Officer believes to be useful) shall determine that the Preliminary Official Statement is substantially final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by the Designated Officer to such effect, and any such action previously taken is hereby confirmed, ratified and approved.

(b) The Bonds, if sold to the Underwriters from time to time, shall be sold subject to an underwriters' discount (excluding original issue discount and premium) not to exceed in aggregate \$3.35 per \$1000 of principal amount of the Bonds and subject to the terms and conditions set forth in the form of the Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement. The form, terms and provisions of the Forward Delivery Bond Purchase Agreement and Bond Purchase Agreement as presented at this meeting, within the parameters set forth in this Resolution are in all respects approved, and any Designated Officer, any one or more thereof, are hereby authorized empowered and directed to execute, acknowledge and deliver from time to time the Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement, including counterparts thereof, in the name of and on behalf of the LACMTA. The Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the hereinabove specified officer or officers of the LACMTA executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Forward Delivery Bond Purchase Agreement and the Bond Purchase Agreement now before this meeting; and from and after the execution and delivery of the Forward Delivery Bond Purchase Agreement or the Bond Purchase 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 Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement.

(c) Upon the execution and delivery of the Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement, from time to time, the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statement(s) in the form of the Preliminary Official Statement as presented at this meeting, with such additions, deletions and changes as the Designated Officers, or any of them, deemed to be appropriate. Any Designated Officer is hereby authorized and directed to execute and deliver the final Official Statement(s) in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or a revised final Official Statement may be prepared and delivered to the Underwriters just prior to the delivery of the Bonds reflecting such updated and revised information as shall be acceptable to the Underwriters and as the Designated Officers, or any of them, deem to be appropriate. The Underwriters are hereby authorized to distribute (via written format and/or through electronic means) the final Official Statement, any supplement to the Official Statement and any revised final Official Statement, as the case may be, to market the Bonds from time to time.

(d) A Designated Officer's authority to approve the final terms of the sale of the Bonds and to execute or to direct the execution of the Forward Delivery Bond Purchase Agreement or the Bond Purchase Agreement shall commence upon the date of adoption of this Resolution and shall continue for eleven calendar months thereafter unless rescinded or modified by subsequent action of the LACMTA prior to the time that a Forward Delivery Bond Purchase Agreement or Bond Purchase Agreement has been duly signed and delivered.

Section 9. California Debt and Investment Advisory Commission. Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause notice to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Bonds, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Bonds, and any prior such notices are hereby ratified, confirmed and approved.

Section 10. Continuing Disclosure Certificate. The form and content of the Continuing Disclosure Certificate presented at this meeting to be dated the applicable date of delivery of the Bonds, is hereby approved and the LACMTA’s obligation to provide the information as described therein is approved and any Designated Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in substantially the form and substance presented at this meeting but with such changes and additions as the Designated Officer shall approve as being in the best interests of the LACMTA or required to comply with securities rules, such approval to be conclusively evidenced by the Designated Officer’s execution and delivery of the Continuing Disclosure Certificate.

Section 11. Trustee, Paying Agent, Registrar and Escrow Agent. The LACMTA hereby appoints U.S. Bank National Association as Trustee, Paying Agent and Registrar for the Bonds. Additionally, the LACMTA hereby appoints U.S. Bank National Association as escrow agent in connection with the refunding of a portion of the outstanding Series 1998-A Bonds. Such appointments shall be effective upon the issuance of the Bonds, from time to time, and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 12. Bond Insurance and Reserve Fund Surety Bond. In connection with the sale of the Bonds, the Designated Officers are hereby authorized to purchase on behalf of the LACMTA one or more policies of municipal bond insurance for some or all of the Bonds and to purchase one or more reserve fund surety bonds for the Bonds on such terms as shall be acceptable to the Underwriters and the Designated Officer. If purchased by the LACMTA, said insurance and/or reserve fund surety bond shall contain such terms and conditions as shall be acceptable to said Designated Officer(s).

Section 13. Additional Authorization. The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds, the Fourteenth Supplemental Trust Agreement, the final Official Statement, the Escrow Agreement and the Continuing Disclosure Certificate 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 Fourteenth Supplemental Trust Agreement, the Forward Delivery Bond Purchase Agreement, the Bond Purchase Agreement, the Escrow Agreement 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 Bonds and of the Pledged Taxes, including the execution and delivery of investment agreements, purchase agreements and/or forward purchase agreements related thereto, the execution by a Designated Officer and the delivery of a Tax Compliance Certificate as required by the Fourteenth Supplemental Trust Agreement for the purpose of complying with the rebate and arbitrage requirements of the Internal Revenue Code of 1986, as amended; 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.

Section 14. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the LACMTA, any Vice Chair of the LACMTA, the CEO, any Deputy Chief Executive Officer, the Chief Financial Services Officer or the Treasurer and Assistant Treasurer shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

Section 15. Costs of Issuance. The LACMTA authorizes funds of the LACMTA together with the proceeds of the Bonds to be used to pay costs of issuance of the Bonds, including but not limited to, costs of attorneys, accountants, verification agents, financial advisor, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

Section 16. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 17. Effective Date. This Resolution shall be effective upon adoption.

Section 18. Contract. This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the LACMTA and the holders of the Bonds.

CERTIFICATION

The undersigned, duly qualified and acting Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of a Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2008.

Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2008

[SEAL]

