



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

October 31, 2014

TO: BOARD OF DIRECTORS (Distributed by Email)

THROUGH: ARTHUR T. LEAHY *AL*
CHIEF EXECUTIVE OFFICER

FROM: NALINI AHUJA *Nalini Ahuja*
EXECUTIVE DIRECTOR, FINANCE AND BUDGET

SUBJECT: REFUNDING OF PROP A BONDS

ISSUE

At the November 2014 meeting, the Board will be requested to authorize the issuance of one or more series of Prop A refunding bonds to refund fixed rate Prop A 2005-A bonds to lock in lower interest rates and achieve debt service savings. As part of that authorization, the Board will authorize the preparation of a preliminary official statement (POS). In connection with the upcoming issuance of the refunding bonds, Bond Counsel requires that the POS be provided to Board members. The Board should review the draft POS to ensure it provides an accurate and complete description of the MTA. Should you have questions or comments, please call Nalini Ahuja at 213-922-3088.

NEXT STEPS

- Distribute the preliminary official statement to underwriters and potential investors.
- Initiate pre-marketing effort.
- Receive electronic bids from underwriting syndicates to price the bonds.
- Finalize bond documentation and deliver the bonds.

ATTACHMENT

A. Draft Preliminary Official Statement

Prepared by:
Donna R. Mills, Treasurer
LuAnne Edwards Schurtz, Assistant Treasurer

PRELIMINARY OFFICIAL STATEMENT DATED [], 2014**NEW ISSUE-BOOK-ENTRY-ONLY****RATINGS: [Fitch]: “[__]”
S&P: “[__]”
(See “RATINGS” herein)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to LACMTA, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2014-A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014-A Bonds. See “TAX MATTERS.”

[LACMTA Logo]

\$(PAR)*
LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds
Series 2014-A

Dated: Date of Delivery**Due: As shown on inside cover**

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is issuing its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2014-A (the “Series 2014-A Bonds”) pursuant to the Trust Agreement, dated as of July 1, 1986, as amended and supplemented (the “Trust Agreement”), by and between LACMTA and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a Supplemental Trust Agreement, to be dated as of [December 1, 2014] (the “Series 2014-A Supplemental Agreement” and, together with the Trust Agreement, the “Agreement”), by and between LACMTA and the Trustee. The Series 2014-A Bonds are limited obligations of LACMTA payable from and secured by a first lien on and pledge of the Pledged Revenues (which includes the receipts from the imposition in the County of Los Angeles for public transit purposes of a one-half of 1% retail transactions and use tax (the “Proposition A Sales Tax”) less 25% thereof paid to local jurisdictions and certain administrative fees) and by certain other amounts held under the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS” and “PROPOSITION A SALES TAX AND COLLECTIONS” herein. LACMTA will use the proceeds of the Series 2014-A Bonds and other available funds to (a) refund the Refunded Bonds (as defined herein), [and] (b) [make a deposit to the reserve fund as further described herein and (c)] pay the costs of issuance of the Series 2014-A Bonds.

The Series 2014-A Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2014-A Bonds will be issued in full-registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2014-A Bonds. Individual purchases and sales of the Series 2014-A Bonds may be made in book-entry form only. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.” The Series 2014-A Bonds will bear interest at the rates set forth on the inside front cover. LACMTA will pay interest on the Series 2014-A Bonds on January 1 and July 1, commencing on [July 1, 2015].

The Series 2014-A Bonds are subject to optional redemption prior to maturity as described in this Official Statement. See “DESCRIPTION OF THE SERIES 2014-A BONDS—Redemption.”

Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or public agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, will be pledged to the payment of the principal of or interest on the Series 2014-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2014-A Bonds.

This cover page contains certain information for general reference only. It is not a summary of the terms of, or the security for, the Series 2014-A Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2014-A Bonds were awarded at a true interest cost of [__]% (prior to adjustment) pursuant to competitive bidding held on [__], 2014. See “SALE OF BONDS” herein. LACMTA is offering the Series 2014-A Bonds when, as and if it issues the Series 2014-A Bonds. The validity of the Series 2014-A Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to LACMTA. The Los Angeles County Counsel, as General Counsel to LACMTA, and Orrick, Herrington & Sutcliffe, LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA. LACMTA anticipates that the Series 2014-A Bonds will be available for delivery through the facilities of DTC on or about _____, 2014.

Date of Official Statement: _____, 2014

* Preliminary, subject to change.

MATURITY SCHEDULE

\$(PAR)*
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds
Series 2014-A

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†
---	-------------------------	----------------------	--------------	-------------------

* Preliminary, subject to change.

† Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with LACMTA and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2014-A Bonds. LACMTA does not take any responsibility for the accuracy of the CUSIP numbers.

[Insert Map of LACMTA System]

[THIS PAGE INTENTIONALLY LEFT BLANK.]

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Board Members

Eric Garcetti, Chair
Mark Ridley-Thomas, First Vice-Chair
John Fasana, Second Vice-Chair
Michael D. Antonovich
Mike Bonin
Diane DuBois
Jacquelyn Dupont-Walker
Don Knabe
Paul Krekorian
Gloria Molina
Ara J. Najarian
Pam C. O'Connor
Zev Yaroslavsky
Carrie Bowen, Non-Voting Member

LACMTA Officers

Arthur T. Leahy, Chief Executive Officer
Nalini Ahuja, Executive Director, Finance and Budget
Donna R. Mills, Treasurer

LACMTA General Counsel

Office of the County Counsel
Los Angeles, California

Financial Advisor

Backstrom McCarley Berry & Co., LLC
San Francisco, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

Trustee and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

LACMTA has not authorized any dealer, broker, salesperson or other person to give any information or to make any representation in connection with the offer or sale of the Series 2014-A Bonds other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2014-A Bonds, by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not a contract with the purchasers or owners of the Series 2014-A Bonds. Statements contained in this Official Statement which involve estimates, projections or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion in this Official Statement are subject to change without notice, and the delivery of this Official Statement and any sale made pursuant to this Official Statement do not, under any circumstances, imply that the information and expressions of opinion in this Official Statement and other information regarding LACMTA have not changed since the date hereof. LACMTA is circulating this Official Statement in connection with the sale of the Series 2014-A Bonds and this Official Statement may not be reproduced or used, in whole or in part, for any other purpose.

In making an investment decision, investors must rely on their own examination of the terms of the offering and the security and sources of payment of the Series 2014-A Bonds, including the merits and risks involved. The Series 2014-A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Neither the U.S. Securities and Exchange Commission nor any other federal, state or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2014-A Bonds or the accuracy or completeness of this Official Statement. The Series 2014-A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

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

[THIS PAGE INTENTIONALLY LEFT BLANK.]

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
LACMTA.....	1
Purpose of the Series 2014-A Bonds.....	1
Description of the Series 2014-A Bonds.....	1
Security and Sources of Payment for the Series 2014-A Bonds	2
Proposition A Sales Tax Obligations	2
The Series 2014-A Bonds Are Limited Obligations of LACMTA Only	3
Reserve Fund for the First Tier Senior Lien Bonds	3
Continuing Disclosure.....	3
Additional Information	3
PLAN OF REFUNDING	4
SOURCES AND USES OF FUNDS	4
RISK FACTORS.....	4
Economic Factors May Cause Declines in Proposition A Sales Tax Revenues.....	4
California State Legislature or Electorate May Change Items Subject to Proposition A Sales Tax	5
Increases in Sales Tax Rate May Cause Declines in Proposition A Sales Tax Revenues	5
Increased Internet Use May Reduce Proposition C Sales Tax Revenues.....	5
Impact of Bankruptcy of LACMTA.....	6
Voter Initiatives and California State Legislative Action May Impair Proposition C Sales Tax	7
Risks Related to Variable-Rate Bonds and Interest Rate Swaps.....	7
DESCRIPTION OF THE SERIES 2014-A BONDS	8
General.....	8
Redemption.....	8
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS	9
Security for the Series 2014-A Bonds.....	9
Proposition A Sales Tax Obligations	10
Flow of Funds	10
Reserve Fund for First Tier Senior Lien Bonds	13
Additional First Tier Senior Lien Bonds.....	16
PROPOSITION A SALES TAX AND COLLECTIONS	17
The Proposition A Sales Tax.....	17
Initiatives and Changes to Proposition A Sales Tax	20
Historical Proposition A Sales Tax Collections	21
Proposition A Special Revenue Fund - GAAP Based Financial Results	22
PROPOSITION A SALES TAX OBLIGATIONS	24
General.....	24
Debt Service Coverage.....	25
Outstanding Proposition A Sales Tax Obligations	25
Policy Limits on Additional Bonds	30
COMBINED DEBT SERVICE SCHEDULE.....	30
LITIGATION.....	31
LEGAL MATTERS	32
TAX MATTERS.....	32
FINANCIAL ADVISOR.....	33

TABLE OF CONTENTS
(continued)

	Page
FINANCIAL STATEMENTS	34
CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION.....	34
VERIFICATION OF MATHEMATICAL COMPUTATIONS	34
CONTINUING DISCLOSURE	34
SALE OF BONDS _____, 2014	34
RATINGS	35
ADDITIONAL INFORMATION	35

APPENDICES

APPENDIX A	LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY	A-1
APPENDIX B	LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013	B-1
APPENDIX C	LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION	C-1
APPENDIX D	SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS	D-1
APPENDIX E	FORM OF BOND COUNSEL APPROVING OPINION	E-1
APPENDIX F	FORM OF CONTINUING DISCLOSURE CERTIFICATE	F-1
APPENDIX G	BOOK-ENTRY-ONLY SYSTEM	G-1

OFFICIAL STATEMENT

[\$[PAR]]*

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2014-A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, sets forth information in connection with the offering by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) of [\$[PAR]]* aggregate principal amount of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2014-A (the “Series 2014-A Bonds”). This Introduction is not a summary of this Official Statement. This Introduction is qualified by the more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. Prospective investors should review this entire Official Statement, including the cover page and appendices, before they make an investment decision to purchase the Series 2014-A Bonds. LACMTA is only offering the Series 2014-A Bonds to potential investors by means of the entire Official Statement. Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

LACMTA

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 *et seq.* of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 4, 1980, the voters of the County approved the Proposition A Sales Tax. The Proposition A Sales Tax is a one half of 1% sales tax and is not limited in duration. For more information regarding the Proposition A Sales Tax, see “PROPOSITION A SALES TAX AND COLLECTIONS—The Proposition A Sales Tax.”

For further discussion of LACMTA, its other sources of revenues, the services it provides and the projects it is undertaking, see “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY.” For certain economic and demographic data about the County, see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

Purpose of the Series 2014-A Bonds

LACMTA will use the proceeds of the Series 2014-A Bonds, together with other available funds, to (a) refund [all/a portion of] its Proposition A First Tier Senior Sales Tax Revenue Bonds, Series 2005-A (the “Refunded Bonds”), [and] (b) [make a deposit to the reserve fund as further described herein and (c)] pay the costs of issuance of the Series 2014-A Bonds. For a more detailed description of LACMTA’s proposed use of proceeds from the issuance of the Series 2014-A Bonds, see “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS.”

Description of the Series 2014-A Bonds

The Series 2014-A Bonds are limited obligations of LACMTA to be issued pursuant to, and payable from and secured under, the Trust Agreement, dated as of July 1, 1986, as amended and supplemented (the “Trust

* Preliminary, subject to change.

Agreement”), by and between LACMTA (as successor to the Commission) and The Bank of New York Mellon Trust Company, N.A., (formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as successor in interest to Wells Fargo Bank, N.A., successor by merger to First Interstate Bank of California), as trustee (the “Trustee”), and to be further supplemented by a Thirty-Fifth Supplemental Trust Agreement, to be dated as of [December 1, 2014] (the “Series 2014-A Supplemental Agreement”), by and between LACMTA and the Trustee. The Trust Agreement and the Series 2014-A Supplemental Agreement are collectively referenced herein as the “Agreement.”

The Series 2014-A Bonds will be issued in registered form, in denominations of \$5,000 or any integral multiple thereof. The Series 2014-A Bonds will be dated their initial date of delivery and will mature and will bear interest at the rates per annum as shown on the inside cover page hereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2014-A Bonds will be delivered in book-entry-only form and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2014-A Bonds. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

Security and Sources of Payment for the Series 2014-A Bonds

The Series 2014-A Bonds are limited obligations of LACMTA payable from and secured by a pledge of “Pledged Revenues,” which include moneys collected as a result of the imposition of the Proposition A Sales Tax (the imposition of which is not limited in duration), less 25% thereof which is allocated to local jurisdictions for local transit purposes (the “Local Allocation”) and less an administrative fee paid to the California State Board of Equalization (the “State Board of Equalization”) in connection with the collection and disbursement of the Proposition A Sales Tax, plus interest, profits and other income received from investment of such amounts held by the Trustee, and all other amounts held by the Trustee under the Agreement except for amounts held in any rebate fund and any redemption fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS” and “PROPOSITION A SALES TAX AND COLLECTIONS—The Proposition A Sales Tax.”

Proposition A Sales Tax Obligations

LACMTA has issued other obligations under the Agreement that are secured by and payable from Pledged Revenues on a parity with the Series 2014-A Bonds, and LACMTA is permitted to issue additional parity obligations in the future upon satisfaction of certain additional bonds tests contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Additional First Tier Senior Lien Bonds.” The Series 2014-A Bonds, the existing obligations on a parity with the Series 2014-A Bonds and all future obligations issued on a parity with the Series 2014-A Bonds are collectively referred to herein as the “First Tier Senior Lien Bonds.” As of [October 1, 2014, \$1,162,355,000] aggregate principal amount of First Tier Senior Lien Bonds (including the Refunded Bonds) were outstanding. See “PLAN OF REFUNDING,” “SOURCES AND USES OF FUNDS” and “PROPOSITION A SALES TAX OBLIGATIONS.”

In addition, LACMTA has issued other obligations under the Agreement that are secured by and payable from Pledged Revenues on a basis subordinate to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds), and it may issue additional subordinate obligations in the future. See “PROPOSITION A SALES TAX OBLIGATIONS.”

Proposition A Sales Tax revenues remaining after the deposits described herein pursuant to the Agreement are required to be released to LACMTA. From such released amounts, up to 5% of the Proposition A Sales Tax revenues received by LACMTA may be used by LACMTA to pay administrative costs. Administrative costs are payable only from Proposition A Sales Tax revenues that have been released to LACMTA and are no longer Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS” including under the caption “—Flow of Funds” and “PROPOSITION A SALES TAX AND COLLECTIONS—The Proposition A Sales Tax.”

The Series 2014-A Bonds Are Limited Obligations of LACMTA Only

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2014-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2014-A Bonds.

The Series 2014-A Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from a first lien on and pledge of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2014-A Bonds.

Reserve Fund for the First Tier Senior Lien Bonds

Pursuant to the Agreement, the Reserve Fund was established and is held by the Trustee and used to make payments of principal of and interest on all First Tier Senior Lien Bonds, including the Series 2014-A Bonds, issued by LACMTA under the Agreement to the extent the amounts in the Bond Interest Account or the Bond Principal Account are not sufficient to pay in full the principal of and interest on the First Tier Senior Lien Bonds when due. The Reserve Fund is required to be funded in an amount equal to the Reserve Fund Requirement. [At the time of issuance of the Series 2014-A Bonds, the Reserve Fund will be funded in an amount equal to the Reserve Fund Requirement (which is expected to be \$[_____] at the time of issuance of the Series 2014-A Bonds). At the time of issuance of the Series 2014-A Bonds, the Reserve Fund Requirement will be satisfied by a municipal bond debt service reserve insurance policy (the “AGM Reserve Policy”) provided by Assured Guaranty Municipal Corp. (as successor to Financial Security Assurance Inc.) (“AGM”) with a policy limit of \$85,500,000, and cash and investments in the amount of approximately \$[_____]. The Reserve Fund also contains a municipal bond debt service reserve fund policy (the “FGIC Reserve Policy”) provided by Financial Guaranty Insurance Company. The Reserve Fund Requirement is satisfied without taking into account the FGIC Reserve Policy.]

Continuing Disclosure

In connection with the issuance of the Series 2014-A Bonds, for purposes of assisting the Winning Bidder in complying with Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended, LACMTA will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), certain annual financial information and operating data relating to LACMTA and notice of certain enumerated events. See “CONTINUING DISCLOSURE” and “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Additional Information

Brief descriptions of the Series 2014-A Bonds, the Agreement and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances, create any implication that there has been no change in the affairs of LACMTA since the date hereof. This Official Statement is not to be construed as a contract or agreement between LACMTA and the purchasers or Owners of any of the Series 2014-A Bonds. LACMTA maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2014-A Bonds.

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

PLAN OF REFUNDING

LACMTA will use the proceeds of the Series 2014-A Bonds, together with other available funds, to (a) refund the Refunded Bonds, [and] (b) [fund an account in the reserve fund as further described herein and (c)] pay the costs of issuance of the Series 2014-A Bonds. LACMTA will use a portion of the proceeds of the Series 2014-A Bonds, along with certain other available moneys, to defease its Refunded Bonds on the date of issuance of the Series 2014-A Bonds. The Refunded Bonds are currently outstanding in the aggregate principal amount of \$184,900,000.

A portion of the proceeds of the Series 2014-A Bonds, together with certain available moneys to be contributed by LACMTA, will be deposited with The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent, and will be held in an escrow fund for the Refunded Bonds (the “Escrow Fund”) to be created under the terms of an escrow agreement (the “Escrow Agreement”) between LACMTA and The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent. All amounts deposited into the Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury or held uninvested in cash. Amounts on deposit in the Escrow Fund will be used, on January 1, 2015, to pay interest due on the Refunded Bonds and, on July 1, 2015 (the “Redemption Date”), to pay the redemption price of the remaining Refunded Bonds of 100% of the principal amount thereof, plus accrued interest thereon.

Grant Thornton LLP, certified public accountants, will verify that the amounts deposited to the Escrow Fund will be sufficient to pay principal, interest and redemption price due on the Refunded Bonds through and including the Redemption Date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2014-A Bonds.

<u>Sources</u>¹	
Principal Amount	\$
Original Issue Premium/(Discount)	
[Release of Funds from Series 2005-A Debt Service Funds]	
[Release of Funds from Reserve Fund]	
Total Sources	\$
<u>Uses</u>¹	
Deposit to Escrow Fund	\$
[Deposit to Reserve Fund]	
Costs of Issuance ²	
Total Uses	\$

¹ Totals may not add due to rounding.

² Includes underwriters’ discount, legal fees, rating agency fees, financial advisor fees, verification agent fees, financial printer costs and other costs of issuance.

RISK FACTORS

Economic Factors May Cause Declines in Proposition A Sales Tax Revenues

The Series 2014-A Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of Pledged Revenues, consisting primarily of certain revenues of the Proposition A Sales Tax and other amounts that are held by the Trustee under the Agreement. The level of Proposition A Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County. In fiscal years 2009 and 2010, the national economic recession and regional general economic conditions resulted in reductions in economic activity and taxable sales within the County, and correspondingly Proposition A Sales Tax revenues received by LACMTA declined. Sales tax revenues

increased in fiscal years 2011, 2012 and 2013. It is possible that Proposition A Sales Tax revenues could decline in the future, reducing amounts available to pay the principal of and interest on the Series 2014-A Bonds.

Proposition A Sales Tax revenues fluctuate based on general economic conditions within the County. To project future Proposition A Sales Tax revenues for budgetary purposes, LACMTA relies on reports from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the State Board of Equalization does not provide LACMTA with any forecasts of Proposition A Sales Tax revenues for future periods. Therefore, LACMTA is unable to forecast or predict with certainty future levels of Proposition A Sales Tax revenues. In addition, the County is located in a seismically active region. A major earthquake or other natural disaster could adversely affect the economy of the County and the amount of Proposition A Sales Tax revenues. Future significant declines in the amount of Proposition A Sales Tax revenues could ultimately impair the ability of LACMTA to pay principal of and interest on the Series 2014-A Bonds. See “PROPOSITION A SALES TAX AND COLLECTIONS—Historical Proposition A Sales Tax Collections.”

California State Legislature or Electorate May Change Items Subject to Proposition A Sales Tax

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

Increases in Sales Tax Rate May Cause Declines in Proposition A Sales Tax Revenues

Increases in sales tax rates, whether by the electorate of a municipality within the County, the County or the State or by the State Legislature, may affect consumer spending decisions and as a result adversely impact sales transactions in the County and, thereby, reduce Proposition A Sales Tax revenues. Several increases in sales tax rates have occurred in recent years. In November 2008, County voters approved Measure R, which increased the sales tax rate within the County by ½ of 1% for a period of 30 years to fund LACMTA transportation projects and operations. Measure R sales tax revenues are separate from Proposition A Sales Tax revenues and do not secure the First Tier Senior Lien Bonds, including the Series 2014-A Bonds. Collection of the additional sales tax rate commenced July 1, 2009. In June 2012, the Board of Directors of LACMTA approved a proposal to extend the Measure R sales tax for 30 years beyond its current expiration date (June 30, 2039). The proposed extension failed to receive the required 2/3 approval of the voters of the County at the November 2012 election. In November 2012, the voters of the State approved an additional ¼ of 1% State general sales tax, which became effective on January 1, 2013 and will expire on December 31, 2016. Previously, in 2009, as part of its approval of the State of California’s revised budget, the California State Legislature temporarily increased the State’s general sales tax rate by 1.0 percent between April 1, 2009 and July 1, 2011.

Increased Internet Use May Reduce Proposition C Sales Tax Revenues

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

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

Impact of Bankruptcy of LACMTA

LACMTA may be authorized under Chapter 9 of the United States Bankruptcy Code to file for Chapter 9 municipal bankruptcy under certain circumstances. Should LACMTA file for bankruptcy, there could be adverse effects on the holders of the Series 2014-A Bonds.

If the Proposition A Sales Tax revenues are “special revenues” under the Bankruptcy Code, then Proposition A Sales Tax revenues collected after the date of the bankruptcy filing should be subject to the lien of the Agreement. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. If a court determined that the Proposition A Sales Tax was levied to finance the general purposes of LACMTA, rather than specific projects, then the Proposition A Sales Tax revenues would not be special revenues. No assurance can be given that a court would not hold that the Proposition A Sales Tax revenues are not special revenues or that the Series 2014-A Bonds are not of a type protected by the “special revenues” provisions of the Bankruptcy Code. Were the Proposition A Sales Tax revenues determined not to be “special revenues,” or were the Series 2014-A Bonds determined to not be protected by the Bankruptcy Code, then Proposition A Sales Tax revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Agreement. The holders of the Series 2014-A Bonds may not be able to assert a claim against any property of LACMTA other than the Proposition A Sales Tax revenues, and were these amounts no longer subject to the lien of the Agreement following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the Series 2014-A Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, the Proposition A Sales Tax revenues would be considered to be “derived” from a project or system. To the extent that the Proposition A Sales Tax revenues are determined to be derived from a project or system, LACMTA may be able to use Proposition A Sales Tax revenues to pay necessary operating expenses, before the remaining Proposition A Sales Tax revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2014-A Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If LACMTA is in bankruptcy, the parties (including the Trustee and the holders of the Series 2014-A Bonds) may be prohibited from taking any action to collect any amount from LACMTA or to enforce any obligation of LACMTA, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2014-A Bonds from funds in the Trustee’s possession. The procedure pursuant to which the Proposition A Sales Tax revenues are paid directly to the Trustee by the California State Board of Equalization may no longer be enforceable, and LACMTA may be able to require that the Proposition A Sales Tax revenues be paid directly to it by the Board of Equalization.

If LACMTA has possession of Proposition A Sales Tax revenues (whether collected before or after commencement of the bankruptcy) and if LACMTA does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2014-A Bonds would have to follow to attempt to obtain possession of such Proposition A Sales Tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

LACMTA may be able to borrow additional money that is secured by a lien on any of its property (including the Proposition A Sales Tax revenues), which lien could have priority over the lien of the Agreement, or to cause some of the Proposition A Sales Tax revenues to be released to it, free and clear of lien of the Agreement, in each case as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2014-A Bonds will be adequately protected.

LACMTA may also be able, without the consent and over the objection of the Trustee and the holders of the Series 2014-A Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity

dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Agreement and the Series 2014-A Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2014-A Bonds while the court considers any of these issues, and any of these issues could result in delays or reductions in payments on the Series 2014-A Bonds. There may be other possible effects of a bankruptcy of LACMTA that could result in delays or reductions in payments on the Series 2014-A Bonds, or result in losses to the holders of the Series 2014-A Bonds. Regardless of any specific adverse determinations in an LACMTA bankruptcy proceeding, the fact of an LACMTA bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2014-A Bonds.

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

Voters have the right to place measures before the electorate in the County or the State of California and the California State Legislature may take actions to limit the collection and use of the Proposition A Sales Tax. Such initiatives or actions may impact various aspects of the security, source of payment and other credit aspects of the Series 2014-A Bonds. See “PROPOSITION A SALES TAX AND COLLECTIONS—Initiatives and Changes to Proposition A Sales Tax.”

Risks Related to Variable-Rate Bonds and Interest Rate Swaps

LACMTA has issued and may issue in the future First Tier Senior Lien Bonds that bear interest at a variable rate. The First Tier Senior Lien Bonds, including the Series 2014-A Bonds, are limited obligations of LACMTA payable from the Proposition A Sales Tax and certain other amounts held by the Trustee under the Agreement. If any series of First Tier Senior Lien Bonds that bears interest at a variable rate experiences a substantial increase in that rate, then that increase may adversely affect the amount of Proposition A Sales Tax revenues available for payment of debt service on the First Tier Senior Lien Bonds, including the Series 2014-A Bonds.

LACMTA is party to two interest rate swap agreements that are intended to manage its interest rate exposure with respect to its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4. See “PROPOSITION A SALES TAX OBLIGATIONS—Outstanding Proposition A Sales Tax Obligations—Second Tier Obligations” below. Under each of these interest rate swap agreements, the total notional amount of the respective interest rate swap agreement is equal to the aggregate principal amount of the related bonds. In accordance with the provisions of each of these interest rate swap agreements, LACMTA pays a fixed rate of interest to the applicable counterparty and receives a floating rate of interest from the applicable counterparty that is based on a percentage of the one-month London Interbank Offered Rate for deposits of U.S. dollars. The intended effect of these interest rate swap agreements is to hedge LACMTA’s exposure to the volatility of interest rates.

Although LACMTA has entered into these interest rate swap agreements to hedge its exposure to the volatility of interest rates, amounts that LACMTA receives under these interest rate swap agreements do not constitute Pledged Revenues. If interest rates on the variable rate First Tier Senior Lien Bonds increase, so will the amounts of debt service that LACMTA will need to pay on the First Tier Senior Lien Bonds. LACMTA has no obligation to offset that increase by applying amounts it receives under the interest rate swap agreements to the payment of debt service on the First Tier Senior Lien Bonds, including the Series 2014-A Bonds. Accordingly, the holders of the First Tier Senior Lien Bonds cannot rely on these interest rate swap agreements to hedge the risk of interest rate volatility of any series of First Tier Senior Lien Bonds issued as variable rate bonds.

In addition, these interest rate swap agreements entail risk to LACMTA. The swap counterparties (Bank of Montreal and Deutsche Bank AG, New York Branch) may fail or be unable to perform, interest rates may vary from assumptions or LACMTA may be required to post collateral in favor of its counterparties (which LACMTA is currently doing) or to make significant payments to its counterparties in the event of an early termination of an interest rate swap. Such termination payments would be secured by a lien on certain remaining Proposition A Sales Tax revenues on a basis subordinate to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds). An early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event.

See “PROPOSITION A SALES TAX OBLIGATIONS—Outstanding Proposition A Sales Tax Obligations—Second Tier Obligations” in this Official Statement for further discussion of these interest rate swap agreements.

DESCRIPTION OF THE SERIES 2014-A BONDS

General

The Series 2014-A Bonds are limited obligations of LACMTA to be issued pursuant to and secured under the Agreement. In connection with the issuance of the Series 2014-A Bonds, LACMTA will enter into the Series 2014-A Supplemental Agreement to provide for the issuance of the Series 2014-A Bonds and related matters.

The Series 2014-A Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this Official Statement. LACMTA will pay interest on each January 1 and July 1, beginning [July 1, 2015]. Interest on the Series 2014-A Bonds will be calculated on the basis of a 360 day year consisting of twelve 30 day months.

The Series 2014-A Bonds will be issued in full-registered form in denominations of \$5,000 or any integral multiple thereof. Upon initial issuance, the Series 2014-A Bonds will be registered in the name of Cede & Co. as registered owner and nominee of DTC. As long as the Series 2014-A Bonds are registered in such name or in the name of a successor nominee, the ownership of the Series 2014-A Bonds will be evidenced by book-entry as described in “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.” Purchasers will not receive certificated Series 2014-A Bonds. So long as Cede & Co. is the registered owner of the Series 2014-A Bonds, reference herein to the Bondholders or registered owners will mean Cede & Co. as aforesaid and will not mean the Beneficial Owners (as defined herein) of the Series 2014-A Bonds.

So long as Cede & Co. is the registered owner of the Series 2014-A Bonds, principal and redemption price of and interest on the Series 2014-A Bonds are payable by wire transfer of funds by the Trustee to Cede & Co., as nominee of DTC. DTC is obligated, in turn, to remit such amounts to its participants as described herein for subsequent disbursement to the Beneficial Owners. If the Series 2014-A Bonds cease to be held by DTC or by a successor securities depository, the principal and redemption price of the Series 2014-A Bonds will be payable at maturity or earlier redemption upon presentation and surrender of the Series 2014-A Bonds at the corporate trust office or agency of the Trustee, and interest on the Series 2014-A Bonds will be payable by check mailed by first class mail on each Interest Payment Date to the Owners of the Series 2014-A Bonds as of the Record Date; provided, that Owners of \$1,000,000 or more in aggregate principal amount of Series 2014-A Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least 15 days prior to an Interest Payment Date.

Redemption

Optional Redemption of the Series 2014-A Bonds. The Series 2014-A Bonds are subject to redemption at the option of LACMTA on or after July 1, [20__], in whole or in part in Authorized Denominations at any time, from any moneys that may be provided for such purpose and at a redemption price of 100% of the principal amount of such Series 2014-A Bonds to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Selection of Series 2014-A Bonds to Be Redeemed; Notice of Redemption. If the Series 2014-A Bonds are redeemed at the option of LACMTA, it will select the maturities of the Series 2014-A Bonds to be redeemed. If less than all of the Series 2014-A Bonds of a maturity are to be redeemed, and the Series 2014-A Bonds are not held by DTC, the Trustee will select by lot, in such manner as the Trustee deems appropriate, the particular Series 2014-A Bonds or portions thereof to be redeemed. See also “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

The Trustee is required to give notice of redemption to the registered owners affected by such redemption at least 30 days but not more than 60 days before each redemption date, and to send such notice of redemption by first-class mail (or, with respect to Series 2014-A Bonds held by DTC, by an express delivery service for delivery on

the next following Business Day). Each notice of redemption will specify the Series 2014-A Bonds to be redeemed; the redemption date; the CUSIP numbers of the Series 2014-A Bonds to be redeemed, the redemption price and the place or places where amounts due upon such redemption will be payable and if less than all of the Series 2014-A Bonds are to be redeemed, the numbers of the Series 2014-A Bonds and the portions of Series 2014-A Bonds to be redeemed; any condition to the redemption; and that on the redemption date, and upon the satisfaction of any such condition, the Series 2014-A Bonds to be redeemed shall cease to bear interest.

If at the time of mailing of notice of an optional redemption moneys sufficient to redeem all the Series 2014-A Bonds called for redemption have not been deposited with the Trustee, at the election of LACMTA such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the holders of such Series 2014-A Bonds to be redeemed in the same manner as the notice of redemption.

Failure to give any required notice of redemption or any defect therein will not affect the validity of the call for redemption of any Series 2014-A Bonds in respect of which no failure or defect occurs. Any notice sent as provided above will be conclusively presumed to have been given whether or not actually received by the addressee.

Effect of Redemption. If notice is given as described above under “—Selection of Series 2014-A Bonds to be Redeemed; Notice of Redemption” and the moneys for payment of the redemption price are on deposit with the Trustee, the Series 2014-A Bonds called for redemption will be due and payable on the redemption date, interest on such Series 2014-A Bonds will cease to accrue after such date, such Series 2014-A Bonds will cease to be entitled to any lien, benefit or security under the Agreement, and the registered owners of the redeemed Series 2014-A Bonds will have no rights under the Agreement after the redemption date other than the right to receive the redemption price for such Series 2014-A Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS

Security for the Series 2014-A Bonds

The Series 2014-A Bonds are limited obligations of LACMTA payable from and secured by a first lien on and a pledge of the Pledged Revenues, which are moneys collected as a result of the imposition of the Proposition A Sales Tax, less 25% thereof which constitutes the Local Allocation and less an administrative fee paid to the State Board of Equalization in connection with the collection and disbursement of the Proposition A Sales Tax. In addition, the Series 2014-A Bonds are secured by all other amounts held by the Trustee under the Agreement except for amounts held in any rebate fund and any redemption fund. Additionally, the Agreement provides that Pledged Revenues also include any Local Allocation that a local jurisdiction authorizes to be pledged to secure the Series 2014-A Bonds, plus such additional sources of revenue, if any, which are hereafter pledged to pay the Series 2014-A Bonds under a subsequent supplemental trust agreement. As of the date of this Official Statement, no local jurisdiction has pledged any of its Local Allocation to secure any bonds issued under the Agreement, including the Series 2014-A Bonds. Pledged Revenues do not include any Proposition A Sales Tax revenues that are released by the Trustee to (a) the payment of the Second Tier Obligations (as defined herein), (b) the payment of the Proposition A Commercial Paper Notes, or (c) LACMTA for the payment, if necessary, of the General Revenue Bonds (as defined herein) and certain other amounts described herein and any other lawful purposes of LACMTA.

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2014-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2014-A Bonds.

The Series 2014-A Bonds are limited obligations of LACMTA and are payable, both as to principal and interest, solely from a first lien on and pledge of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee

under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2014-A Bonds.

Proposition A Sales Tax Obligations

LACMTA has outstanding a variety of obligations that are payable from the Proposition A Sales Tax, including sales tax revenue bonds, commercial paper notes and certain amounts owed under interest rate swap agreements, standby bond purchase agreements and pledge agreements. At this time, LACMTA has three priority levels of obligations secured by the Proposition A Sales Tax: its First Tier Senior Obligations (which include all First Tier Senior Lien Bonds (including the Series 2014-A Bonds)), its Second Tier Obligations (which include certain payments under interest rate swap agreements and certain other obligations) and its Third Tier Obligations (which include the Proposition A Commercial Paper Notes). Additionally, LACMTA has incurred other obligations which are secured by certain “remaining” Proposition A Sales Tax cash receipts. LACMTA has the ability to issue additional obligations that are payable from the Proposition A Sales Tax if it satisfies certain tests. See “PROPOSITION A SALES TAX OBLIGATIONS.”

Flow of Funds

Pursuant to an agreement between LACMTA and the State Board of Equalization, the State Board of Equalization is required to remit monthly directly to the Trustee the Proposition A Sales Tax revenues after deducting the State Board of Equalization’s costs of administering the Proposition A Sales Tax and after paying directly to LACMTA the Local Allocation (25% of net Proposition A Sales Tax cash receipts) (which for purposes of administrative ease is actually transferred first to the Trustee who then disburses the Local Allocation to LACMTA). Under the Agreement, the Trustee is required to deposit and apply the moneys received from the State Board of Equalization, as needed (75% of net Proposition A Sales Tax cash receipts), taking into consideration any other funds previously deposited or applied in such month for such purposes, as follows:

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

SECOND, to the credit of the Bond Principal Account for the First Tier Senior Lien Bonds, the Aggregate Accrued Principal for the current calendar month plus any Accrued Premium and any Deficiency existing on the first day of the calendar month plus any amount of principal which has become due and has not been paid and for which there are insufficient funds in the Bond Principal Account or other special account to be used to make such payment;

THIRD, to the credit of the Reserve Fund for the First Tier Senior Lien Bonds, such portion of the balance, if any, remaining after making the deposits to the Bond Interest Account and the Bond Principal Account described above, as is necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement for the First Tier Senior Lien Bonds, or if the entire balance is less than the amount necessary, then the entire balance will be deposited into the Reserve Fund; provided, however, that so long as any Reserve Fund Insurance Policy is in effect and the Reserve Insurer is not in default of its obligations thereunder, the Trustee will pay the Reserve Insurer the greater of (i) the minimum amount required to be paid in accordance with the provisions of such Reserve Fund Insurance Policy and any related agreements between LACMTA and the Reserve Insurer, or (ii) the amount necessary to reinstate the amount available to be drawn under such Reserve Fund Insurance Policy in order to meet the Reserve Fund Requirement for the First Tier Senior Lien Bonds (see “—Reserve Fund for First Tier Senior Lien Bonds” below);

FOURTH, to make deposits for the payment of Second Tier Obligations; provided that the Trustee may not use any portion of the remaining allocation for the Rail Development Program (See “Table 2— Proposition A Sales Tax Apportionment”) to make payments under the Pledge Agreements; and

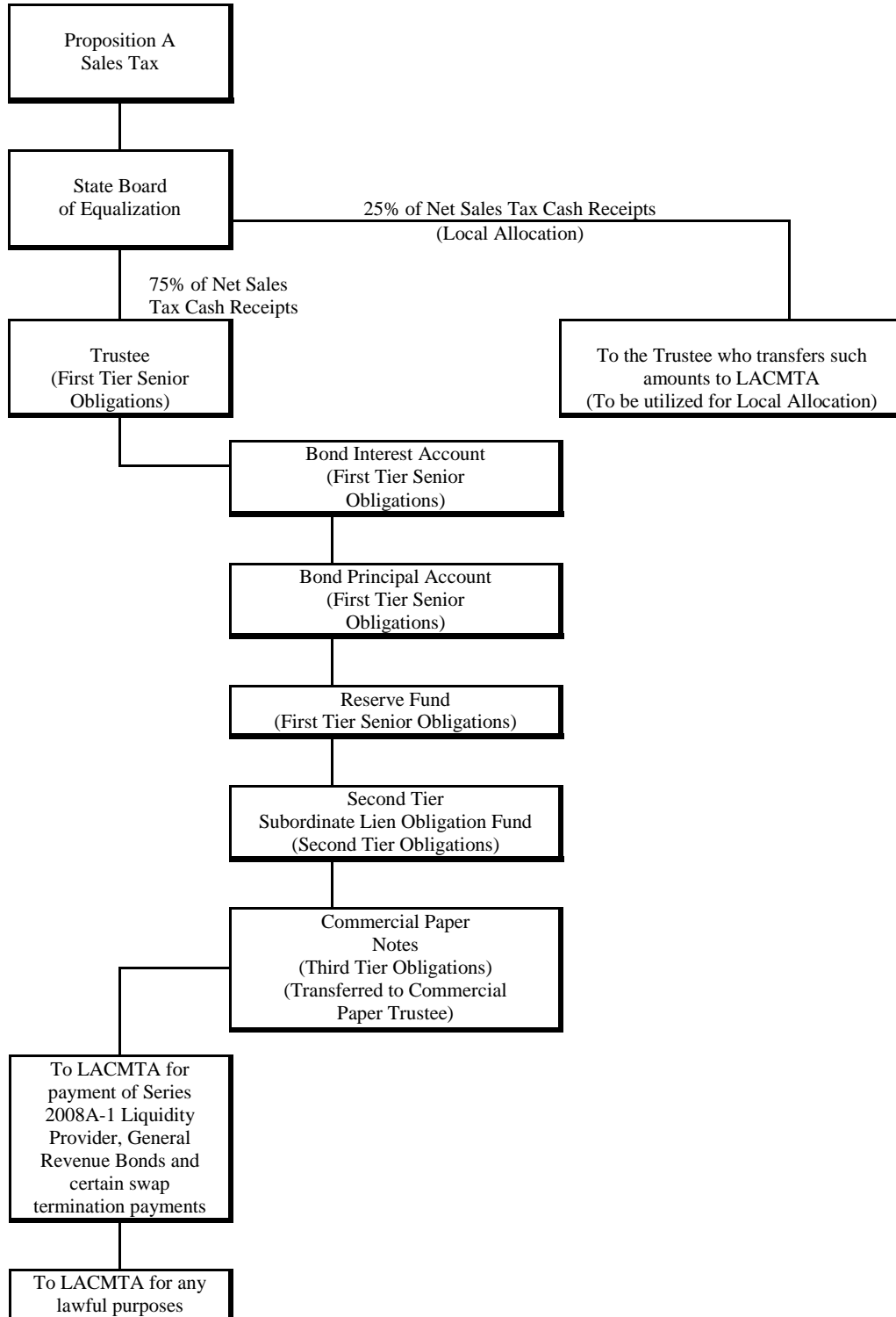
FIFTH, to pay any remaining amount to the trustee under a subordinate trust agreement in such amounts and at such times as will be needed to provide for payment of such obligations in accordance with a Supplemental Trust Agreement or Supplemental Trust Agreements relating to such subordinate debt, including but not limited to the obligation of LACMTA with respect to the Proposition A Commercial Paper Notes described herein.

Any remaining funds will then be transferred to LACMTA and will be available to be used for any lawful purpose, and will no longer be available to pay debt service on the First Tier Senior Lien Bonds. LACMTA has granted pledges on the remaining Proposition A Sales Tax revenues to the payment of certain amounts under the Series 2008-A1 Liquidity Facility, the payment of and reserve requirements for the General Revenue Bonds and termination payments under the Series 2008-A Swap Agreements. See “PROPOSITION A SALES TAX OBLIGATIONS—Outstanding Proposition A Sales Tax Obligations—Other Obligations” for definitions of the capitalized terms used in the preceding sentence. After the payment of the General Revenue Bonds, LACMTA may use any remaining Proposition A Sales Tax revenues in accordance with the provisions of Ordinance No. 16 (as defined herein).

Table 1 on the following page provides a graphic presentation of the flow of funds for Proposition A Sales Tax cash receipts.

The following table provides a graphic presentation of the flow of funds for Proposition A Sales Tax cash receipts.

TABLE 1
Proposition A Sales Tax
Flow of Funds



Reserve Fund for First Tier Senior Lien Bonds

General. Pursuant to the Agreement, the Reserve Fund was established and is held by the Trustee and used to make payments of principal and interest with respect to all First Tier Senior Lien Bonds, including the Series 2014-A Bonds, to the extent amounts in the Bond Interest Account or the Bond Principal Account are not sufficient to pay in full the interest on or principal of the First Tier Senior Lien Bonds when due. The Reserve Fund is required to be funded in an amount equal to the Reserve Fund Requirement, which is generally Maximum Annual Debt Service on outstanding First Tier Senior Lien Bonds. See “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS—Reserve Fund Requirement” for the complete definition of Reserve Fund Requirement.

Under the terms of the Agreement, LACMTA may substitute an insurance policy provided by a bond insurer or a letter of credit in lieu of or in partial substitution for cash or securities deposited in the Reserve Fund in order to meet the Reserve Fund Requirement. The entity providing a Reserve Fund Insurance Policy must be rated in one of the two highest classifications by Moody’s Investors Service Inc. (“Moody’s”) and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). The Agreement provides that any Reserve Fund Insurance Policy is to be valued at its face value less any unreimbursed drawings (of which there currently are none). See “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS—Reserve Fund Insurance Policy.”

On the date of delivery of the Series 2014-A Bonds, the Reserve Fund Requirement is expected to equal approximately \$[_____], which LACMTA anticipates will be satisfied in part by the AGM Reserve Policy with a policy limit of \$85,500,000, with the balance satisfied by cash and investments held in the Reserve Fund totaling approximately \$[_____]. The Reserve Fund Requirement is satisfied without taking into account the FGIC Reserve Policy described below.

Amendments to Agreement Relating to Reserve Fund. Pursuant to the Thirtieth Supplemental Trust Agreement, dated as of August 1, 2011, by and between LACMTA and the Trustee, the following amendments (the “Reserve Fund Amendments”) were made to the Agreement and are now in effect:

- The last sentence of the definition of “Reserve Fund Insurance Policy” will be amended and restated in its entirety to read as follows:

“The entity providing such Reserve Fund Insurance Policy shall be rated, at the time such policy is delivered, in one of the two highest Rating Categories by both Moody’s and S&P.”

- The provisions relating to the Reserve Fund will be amended by adding the following provision at the end of those provisions:

“Notwithstanding the last sentence of the immediately preceding paragraph, if a Reserve Fund Insurance Policy has been deposited to the Reserve Fund, LACMTA hereby agrees that, if, at the time of valuation of the Reserve Fund, the entity providing such Reserve Fund Insurance Policy is not rated in one of the three highest Rating Categories by Moody’s and S&P, deposits shall be made into the Reserve Fund from and to the extent of Pledged Revenues (after deposits which are to be made before deposits in the Reserve Fund are made), at such times and in such amounts as directed by LACMTA, until (but in no event later than thirty-six (36) months following such valuation date) the lesser of (a) an amount equal to the face value of such Reserve Fund Insurance Policy or (b) the amount necessary for the amount on deposit in the Reserve Fund to equal the Reserve Fund Requirement has been deposited to the Reserve Fund.”

AGM Reserve Policy. Generally, the AGM Reserve Policy unconditionally and irrevocably guarantees the payment of that portion of the principal of and interest on the First Tier Senior Lien Bonds that becomes due for payment but is unpaid by reason of “nonpayment” by LACMTA. “Nonpayment” means, in respect of a First Tier Senior Lien Bond, the failure of LACMTA to have provided sufficient funds for the payment in full of all principal and interest that is due for payment on such First Tier Senior Lien Bond. Nonpayment also includes any payment of

principal or interest that is due for payment made to an Owner by or on behalf of LACMTA that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. The AGM Reserve Policy does not cover payments due as a result of optional redemption or acceleration of a First Tier Senior Lien Bond or payments of purchase price on tendered First Tier Senior Lien Bonds.

The AGM Reserve Policy will terminate on July 1, 2021. The AGM Reserve Policy is noncancellable and the premium therefor has been paid in full. [The cash and investments that are expected to be in the Reserve Fund as of the date of delivery of the Series 2014-A Bonds are in an amount at least sufficient to satisfy the Reserve Fund Requirement as of July 1, 2021 with respect to the portion of the First Tier Senior Lien Bonds that will be outstanding as of the date of delivery of the Series 2014-A Bonds (excluding any future issuances of First Tier Senior Lien Bonds and assuming debt service is paid on the outstanding First Tier Senior Lien Bonds as scheduled).] If LACMTA issues First Tier Senior Lien Bonds in the future or does not pay debt service on First Tier Senior Lien Bonds as scheduled, an additional deposit may be required to be made on (or before) July 1, 2021.

The AGM Reserve Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law or by the California Insurance Guaranty Association established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

If LACMTA fails to reimburse AGM for draws on the AGM Reserve Policy or to pay expenses and accrued interest thereon, AGM is entitled to exercise any remedies available to it, including those provided under the Agreement, other than (i) acceleration of the First Tier Senior Lien Bonds, or (ii) remedies which would adversely affect holders of the First Tier Senior Lien Bonds.

In addition, LACMTA and the Trustee have agreed with AGM that all cash and investments on deposit in the Reserve Fund will be used to pay debt service on the First Tier Senior Lien Bonds prior to any drawing on the AGM Reserve Policy or any other Reserve Policy and that draws on Reserve Policies will be made on a pro rata basis. Further, draws on the AGM Reserve Policy and any other Reserve Policy are required to be reimbursed on a pro rata basis prior to the replenishment of any cash withdrawn from the Reserve Fund.

Assured Guaranty Municipal Corp.

The following information has been furnished by AGM for use in this Official Statement. LACMTA makes no representation as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information. Additionally, LACMTA undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of any material contained on the SEC's website or AGL's (as defined herein) website as described in this section including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have

an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At June 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately \$3,654 million and its net unearned premium reserve was approximately \$1,850 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- i. the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);
- ii. the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014); and
- iii. the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Reserve Fund for First Tier Senior Lien Bonds- Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Reserve Fund for First Tier Senior Lien Bonds—Assured Guaranty Municipal Corp.”

FGIC Reserve Policy. Concurrently with the issuance of the Proposition A Sales Tax Revenue Refunding Bonds, Series 1991B on December 4, 1991, Financial Guaranty Insurance Company (“Financial Guaranty”), issued the FGIC Reserve Policy in an amount not to exceed the lesser of \$111,463,547.50 or the Reserve Fund Requirement. The FGIC Reserve Policy terminates on July 1, 2021. The amount of cash and other investments in the Reserve Fund together with the AGM Reserve Policy satisfy the Reserve Fund Requirement without taking into account the FGIC Reserve Policy.

No review of the business or affairs of Financial Guaranty has been conducted in connection with the issuance of the Series 2014-A Bonds. This Official Statement does not contain any financial information about Financial Guaranty or the FGIC Reserve Policy and does not refer to any such information that may be available elsewhere, and Financial Guaranty has not reviewed or approved this Official Statement.

Both before and after the occurrence of a payment or other default by LACMTA in respect of the Series 2014-A Bonds, Financial Guaranty may be entitled to exercise certain rights and remedies pursuant to the Agreement and a debt service reserve policy agreement with LACMTA; such remedies will not include acceleration or remedies which would adversely affect the holders of First Tier Senior Lien Bonds. While the FGIC Reserve Policy remains in effect, and so long as Financial Guaranty is not in default with respect to its obligations thereunder, Financial Guaranty will be entitled to consent to certain changes in documents, and if past due amounts are owing to Financial Guaranty under the FGIC Reserve Policy, Financial Guaranty will have the right to consent to the issuance of additional First Tier Senior Lien Bonds. The interests of Financial Guaranty and the interests of the Bondholders may not be aligned with respect to these matters.

Additional First Tier Senior Lien Bonds

Upon compliance with the terms of the Agreement, LACMTA is permitted to issue Additional First Tier Senior Lien Bonds under the Agreement secured by Pledged Revenues on a parity basis with the Outstanding First Tier Senior Lien Bonds. First Tier Senior Lien Bonds may be issued for any purpose for which LACMTA at the time of issuance may incur debt, including, if LACMTA may then otherwise do so, for the purpose of loaning the proceeds to other entities.

Prior to issuance of any First Tier Senior Lien Bonds, including the issuance of the Series 2014-A Bonds, there will be delivered to the Trustee, in addition to other items, a certificate prepared by a Consultant showing that 35% (or such greater percentage permitted by the immediately following paragraph) of the Proposition A Sales Tax

collected for any 12 consecutive months out of the 15 consecutive months immediately preceding the issuance of the proposed First Tier Senior Lien Bonds was at least equal to 115% of Maximum Annual Debt Service for all First Tier Senior Lien Bonds which will be outstanding immediately after the issuance of the proposed First Tier Senior Lien Bonds.

If any city entitled to receive a Local Allocation has authorized the pledging of all or a portion of its share of the Local Allocation to secure the First Tier Senior Lien Bonds, the duration of such pledge is not less than the term of any First Tier Senior Lien Bonds then issued and Outstanding or currently proposed to be issued, and a certified copy of the city's ordinance, resolution or other official action authorizing the pledge and setting forth the terms of such pledge and a written opinion of bond counsel that the pledge of such portion of the Local Allocation is a valid pledge of LACMTA have been filed with the Trustee, then the reference to 35% in the immediately preceding paragraph will be replaced with the percentage which is equal to 35% plus the percentage determined by dividing the amount of the Local Allocation then included in Pledged Tax by the total Proposition A Sales Tax.

For purposes of the comparisons set forth in the Consultant's certificate, the actual historical Proposition A Sales Tax revenues may be adjusted by the Consultant if there has been or upon the issuance of the proposed First Tier Senior Lien Bonds there will be a change in the base upon which the Proposition A Sales Tax is imposed, the Proposition A Sales Tax revenues for the 12 months used in the comparisons will be adjusted to reflect the amount of Proposition A Sales Tax revenues which would have resulted had the change in the base occurred on the first day of such 12 month period.

Under the Agreement, "Maximum Annual Debt Service" generally means the greatest amount of principal and interest becoming due and payable on all First Tier Senior Lien Bonds in the fiscal year in which the calculation is made or in any subsequent fiscal year. However, if LACMTA issues variable rate bonds and enters into an interest rate swap agreement related to any First Tier Senior Lien Bonds, the Agreement permits LACMTA to use the fixed rate it pays under the interest rate swap agreement for purposes of determining the maximum amount of interest becoming due and payable on such First Tier Senior Lien Bonds. For a description of the interest rate swap agreements LACMTA has entered into and the First Tier Senior Lien Bonds to which such agreements relate, see "PROPOSITION A SALES TAX OBLIGATIONS—Outstanding Proposition A Sales Tax Obligations—Second Tier Obligations." For the definition of Maximum Annual Debt Service, see "APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS."

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

PROPOSITION A SALES TAX AND COLLECTIONS

The Proposition A Sales Tax

Under the California Public Utilities Code, LACMTA is authorized to adopt retail transactions and use tax ordinances applicable in the incorporated and unincorporated territory of the County in accordance with California's Transaction and Use Tax Law (California Revenue and Taxation Code Section 7251 *et seq.*), upon authorization by a specified percentage of the electors voting on the issue. In accordance with the County Transportation Commissions Act (Section 130000 *et seq.* of the California Public Utilities Code (the "Transportation Commissions Act")), the Commission (as predecessor to LACMTA), on August 20, 1980, adopted Ordinance No. 16 ("Ordinance No. 16") which imposed a retail transactions and use tax. Ordinance No. 16 was submitted to the electors of the County in the form of "Proposition A" and approved at an election held on November 4, 1980. Ordinance No. 16 imposes a tax of 1/2 of 1% of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County, subject to certain limited exceptions. The retail transactions and use tax imposed by Ordinance No. 16 and approved by the voters with the passage of Proposition A is referred to in this Official Statement as the "Proposition A Sales Tax." As approved by the voters, the Proposition A Sales Tax is not limited in duration. The validity of the Proposition A

Sales Tax was upheld in 1982 by the California Supreme Court in *Los Angeles County Transportation Commission v. Richmond*. See “LITIGATION.”

Collection of the Proposition A Sales Tax is administered by the State Board of Equalization, which imposes a charge for administration. Such charge is based on the actual costs incurred by the State Board of Equalization in connection with the administration of the collection of the Proposition A Sales Tax. In accordance with Ordinance No. 16, LACMTA is required to allocate the proceeds of the Proposition A Sales Tax as follows:

TABLE 2
Proposition A Sales Tax Apportionment

Use	Percentage
Local Allocation	25%
Rail Development Program ¹	35
Discretionary	<u>40</u>
TOTAL	<u>100%</u> ²

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

² Up to 5% of the Proposition A Sales Tax revenues received by LACMTA may be used by LACMTA to pay administrative costs. Administrative costs are payable only from Proposition A Sales Tax revenues that have been released to LACMTA and are no longer Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Flow of Funds” above.

Source: LACMTA.

As described below, the State Board of Equalization has agreed to remit directly on a monthly basis the remaining Proposition A Sales Tax revenues to the Trustee after deducting the costs of administering the Proposition A Sales Tax and disbursing the Local Allocation to LACMTA (which for purposes of administrative ease, is first transferred to the Trustee who then disburses the Local Allocation to LACMTA). After application of Proposition A Sales Tax revenues to the funds and accounts related to the First Tier Senior Lien Bonds in accordance with the Agreement, the Trustee is required to transfer the remaining unapplied Proposition A Sales Tax revenues for deposit to the funds and accounts established and maintained for the Second Tier Obligations and the Proposition A Commercial Paper Notes. Any Proposition A Sales Tax revenues remaining after the deposits described above are required to be released to LACMTA to be used by LACMTA first, to pay certain amounts owing to the Series 2008-A1 Liquidity Provider (as defined herein) pursuant to the Series 2008-A1 Liquidity Facility, second, if necessary, to pay debt service on the General Revenue Bonds and termination payments under the Series 2008-A Swap Agreements, and third, for any lawful purposes of LACMTA. The First Tier Senior Lien Bonds do not have a lien on and are not secured by any Proposition A Sales Tax revenues that are released by the Trustee and deposited to the funds and accounts established and maintained for the Second Tier Obligations or the Proposition A Commercial Paper Notes or that are transferred to LACMTA to be used to pay certain amounts owing to the Series 2008-A1 Liquidity Provider under the Series 2008-A1 Liquidity Facility, debt service on the General Revenue Bonds, termination payments under the Series 2008-A Swap Agreements, or for any lawful purposes of LACMTA. See “PROPOSITION A SALES TAX OBLIGATIONS—Outstanding Proposition A Sales Tax Obligations—Second Tier Obligations” and “—Other Obligations” below for definitions of certain of the capitalized terms used in the preceding sentence.

The amount retained by the State Board of Equalization from collections of Proposition A Sales Tax is based on the total local entity cost reflected in the annual budget of the State of California, and includes direct, shared and central agency costs incurred by the State Board of Equalization. The amount retained by the State Board of Equalization is adjusted to account for the difference between the State Board of Equalization’s recovered costs and its actual costs during the prior two fiscal years. For fiscal years 2012 through 2014, the State Board of Equalization’s fee for administering the Proposition A Sales Tax was as follows:

TABLE 3
Fee for Administering the Proposition A Sales Tax

Fiscal Year Ended (June 30)	Fee (\$'s in millions)	Percentage of Proposition A Sales Tax Revenues
2012	\$ 6.2	1.0 %
2013	\$ 6.4	0.9 %
2014	\$ 8.3	1.2 %

LACMTA assumes that such State Board of Equalization fee may increase incrementally each year. The State Board of Equalization can change the fee at its discretion in the future.

Under the Agreement, LACMTA has covenanted that (a) it will not take any action which will impair or adversely affect in any manner the pledge of the Pledged Revenues or the rights of the holders of the First Tier Senior Lien Bonds, including the Series 2014-A Bonds; and (b) it will be unconditionally and irrevocably obligated, so long as any of the First Tier Senior Lien Bonds, including the Series 2014-A Bonds, are outstanding and unpaid, to take all lawful action necessary or required to continue to entitle LACMTA to receive the Pledged Revenues at the same rates as provided by law (as of the date of the Agreement), to pay from the Pledged Revenues the principal of and interest on the First Tier Senior Lien Bonds in the manner and pursuant to the priority set forth in the Agreement, and to make the other payments provided for in the Agreement.

Under the LACMTA Act, the State of California pledges to, and agrees with, the holders of any bonds issued under the LACMTA Act and with those parties who may enter into contracts with LACMTA pursuant to the LACMTA Act that the State of California will not limit or alter the rights vested by the LACMTA Act in LACMTA until such bonds, together with the interest thereon, are fully met and discharged and the contracts are fully performed on the part of LACMTA. However, such pledge and agreement does not preclude the State of California from changing the transactions and items subject to the statewide general sales tax and thereby altering the amount of Proposition A Sales Tax collected. See “RISK FACTORS—California State Legislature or Electorate May Change Items Subject to Proposition A Sales Tax.”

The 1/2 of 1% Proposition A Sales Tax imposed by LACMTA in the County is in addition to the general sales tax levied statewide by the State of California (currently 7.5%), the 1/2 of 1% sales tax imposed by LACMTA pursuant to Ordinance No. 49 of the Commission known as “Proposition C” (such sales tax is referred to herein as the “Proposition C Sales Tax”), the 30-year 1/2 of 1% sales tax approved by County voters in November 2008 to fund LACMTA transportation projects and operations known as the “Measure R Sales Tax,” and the taxes that apply only within certain cities in the County. The cities of Avalon, Commerce, Culver City, El Monte, Inglewood, San Fernando, Santa Monica and South El Monte in the County have each enacted a sales tax of 1/2 of 1% applicable to transactions within their respective city limits, and the cities of La Mirada, Pico Rivera and South Gate in the County have each enacted a sales tax of 1% applicable to transactions within their respective city limits. The combined various sales taxes described above results in (a) transactions within the County, and outside the cities of Avalon, Commerce, Culver City, El Monte, Inglewood, San Fernando, Santa Monica, South El Monte, La Mirada, Pico Rivera and South Gate, currently being taxed at an effective rate of 9%, (b) transactions within the cities of Avalon, Commerce, Culver City, El Monte, Inglewood, San Fernando, Santa Monica and South El Monte currently being taxed at an effective rate of 9.5%, and (c) transactions within the cities of La Mirada, Pico Rivera and South Gate currently being taxed at an effective rate of 10%. These tax rates and the items subject to the Proposition A Sales Tax are subject to change. See “RISK FACTORS—California State Legislature or Electorate May Change Items Subject to Proposition A Sales Tax” and “—Increases in Sales Tax Rate May Cause Declines in Proposition A Sales Tax Revenues.” See also “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—OUTSTANDING DEBT.”

Initiatives and Changes to Proposition A Sales Tax

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

The Act of 1998. One such initiative was approved by the voters of the County in 1998 in the form of the “Metropolitan Transportation Authority Reform and Accountability Act of 1998” (the “Act of 1998”). The Act of 1998 prohibits the use of Proposition A Sales Tax and Proposition C Sales Tax [(but not the use of Measure R Sales Tax)] to pay any costs of planning, design, construction or operation of any “New Subway,” including debt service on bonds, notes or other evidences of indebtedness issued for such purposes after March 30, 1998. “New Subway” is defined in the Act of 1998 to mean any rail line which is in a tunnel below the grade level of the earth’s surface (including any extension or operating segment thereof), except for Segment 1, Segment 2 and Segment 3 (North Hollywood) of the Red Line. The Act of 1998 does not limit the use of Proposition A Sales Tax or Proposition C Sales Tax revenues to provide public mass transit improvements to railroad right of ways. The Act of 1998 does not limit in any way the collection of the Proposition A Sales Tax or the Proposition C Sales Tax; it only limits the uses of such taxes. LACMTA believes that the proceeds of all obligations previously issued by LACMTA which are secured by the Proposition A Sales Tax and/or the Proposition C Sales Tax have been used for permitted purposes under the Act of 1998. **Therefore, the Act of 1998 has no effect on LACMTA’s ability to continue to use the Proposition A Sales Tax or the Proposition C Sales Tax to secure payment of its outstanding obligations secured by the Proposition A Sales Tax or the Proposition C Sales Tax. Additionally, LACMTA will covenant not to use the proceeds of the Series 2014-A Bonds in a manner inconsistent with the provisions of the Act of 1998, and the Act of 1998 will not limit the ability of LACMTA to secure payment of the Series 2014-A Bonds with a pledge of the Proposition A Sales Tax.**

As required by the Act of 1998, LACMTA contracted with an independent auditor to complete an audit with respect to the receipt and expenditure of Proposition A Sales Tax and Proposition C Sales Tax between the effective dates of Proposition A and Proposition C and June 30, 1998. The independent auditor completed the audit in November 1999. The Act of 1998 further requires LACMTA to contract for an independent audit each subsequent fiscal year to determine LACMTA’s compliance with the provisions of Proposition A, Proposition C and the Act of 1998 relating to the receipt and expenditure of Proposition A Sales Tax revenues and Proposition C Sales Tax revenues. For fiscal years 1999 through 2013, the independent auditors determined that LACMTA was in compliance with Proposition A, Proposition C and the Act of 1998 for each such respective fiscal year (the “Annual Act of 1998 Audit”).

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

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

Historical Proposition A Sales Tax Collections

The following table presents, among other things, collections of net Proposition A Sales Tax revenues and corresponding Pledged Revenues for the fiscal years ended June 30, 2005 through June 30, 2014.

TABLE 4
Historical Net Proposition A Sales Tax Revenues
Local Allocations and Pledged Revenues
(dollars in millions)

Fiscal Year	Net Proposition A Sales Tax Revenue ¹	Annual Percentage Change	Allocations to Local Governments ²	Pledged Revenues ³
2005	\$619.5	7.42%	\$154.9	\$464.6
2006	669.0	7.99	167.2	501.8
2007	686.2	2.57	171.5	514.6
2008	683.3	(0.42)	170.8	512.5
2009	620.8	(9.15)	155.2	465.6
2010	565.7	(8.88)	141.4	424.3
2011	601.9	6.38	150.5	451.4
2012	648.7	7.77	162.2	486.5
2013	687.2	5.93	171.8	515.4
2014 ⁴	710.0	3.32	177.5	532.5

¹ Reflects Proposition A Sales Tax revenues, reported according to accrual basis accounting, presented in LACMTA's audited financial statements, less administrative fees paid to the State Board of Equalization. Rounded to the closest \$100,000.

² Rounded to the closest \$100,000.

³ Net Proposition A Sales Tax revenue less Allocations to Local Governments. Rounded to the closest \$100,000.

⁴ Unaudited from "Fourth Quarter Financial Report (Unaudited) For the Year Ended June 30, 2014"

Source: LACMTA.

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

TABLE 5
Selected Actual Proposition A Sales Tax Revenue Information
(values are cash basis)

Quarter Ended	Quarterly Receipts (\$ millions)	Change from Same Period of Prior Year	Rolling 12 Months Receipts (\$ millions)	Change from Same Period of Prior Year
September 30, 2014	\$184.6	3.01%	\$717.2	3.87%
June 30, 2014	173.6	2.09	711.8	4.76
March 31, 2014	182.8	8.35	708.5	5.83
December 31, 2013	176.3	2.67	694.9	4.77
September 30, 2013	179.2	6.54	690.5	5.34
June 30, 2013	170.2	6.29	679.5	5.74
March 31, 2013	169.2	3.79	669.4	6.21
December 31, 2012	171.9	4.72	663.3	7.33
September 30, 2012	168.2	8.29	655.5	8.63

¹ Reported according to cash basis accounting.
Source: LACMTA.

The Proposition A Sales Tax revenues on a cash basis for a quarterly period are determined by sales tax revenues generated by sales activity generally occurring in the last two months of the previous quarter and the first month of the current quarter. For example, for the three-month period ended September 30, 2014, reported according to cash basis accounting, Proposition A Sales Tax revenues were approximately \$184.6 million, which receipts generally represented sales activity occurring in May, June and July of 2014.

Total Proposition A Sales Tax revenues on a cash basis for fiscal year 2014 were approximately \$711.8 million compared to \$679.5 million for fiscal year 2013. For fiscal year 2014, Proposition A Sales Tax revenues (on a cash basis) were \$711.8 million or 0.49% over budget. LACMTA’s fiscal year 2015 budget assumes total Proposition A Sales Tax revenues of \$734.2 million, and Proposition A Sales Tax revenues net of Local Allocation of \$559.8 million.

Proposition A Sales Tax revenues fluctuate based on general economic conditions within the County. To project future Proposition A Sales Tax revenues for budgetary purposes, LACMTA relies on reports from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the State Board of Equalization does not provide LACMTA with any forecasts of Proposition A Sales Tax revenues for future periods. Therefore, LACMTA is unable to predict with certainty future levels of Proposition A Sales Tax revenues. See “RISK FACTORS—Economic Factors May Cause Declines in Proposition A Sales Tax Revenues” above.

Proposition A Special Revenue Fund - GAAP Based Financial Results

The tables below summarize the Fund Balance and the Statement of Revenues, Expenditures and Changes in Fund Balance for the Proposition A Special Revenue Fund as presented in LACMTA’s Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2009 through 2013. Additional information concerning the data in these tables is available in the Notes to Basic Financial Statements included in the audited Financial Statements for fiscal years ended June 30, 2009 through 2013.

TABLE 6
Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Balance Sheet
(Amounts expressed in thousands)

Assets	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Cash and cash equivalents	\$ 20,882	\$ 24,707	\$ 15,688	\$ 79,467	\$ 8,654
Investments	76,458	71,565	49,661	83,829	87,685
Receivables:					
Accounts					
Interest	737	380	284	163	419
Intergovernmental	--	--	--	--	--
Sales taxes	33,321	43,883	53,955	60,221	68,128
Due from other funds	--	--	8,924	--	94,500
Restricted assets:					
Cash and cash equivalents	--	--	--	--	--
Total Assets	131,398	140,535	128,515	223,680	259,386
Liabilities					
Accounts payable and accrued liabilities	16,783	21,036	21,763	24,822	30,325
Due to other funds	--	38,963	37,700	37,700	37,950
Deferred revenues					
Total Liabilities	16,783	59,999	59,463	62,522	68,275
Fund Balances					
Restricted	--	--	69,049	161,158	191,111
Committed	--	--	--	--	--
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
Reserved for Memoranda of understanding	132,708	56,795	--	--	--
Unreserved	(18,093)	23,741	--	--	--
Total Fund Balances	114,615	80,536	69,049	161,158	191,111
Total Liabilities and Fund Balances	131,398	140,535	128,512	\$223,680	259,386

Source: Audited Financial Statements for fiscal years ending June 30, 2009-2013.

TABLE 7
Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Amounts expressed in thousands)

Revenues	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Sales taxes	\$620,797	\$565,746	\$601,883	\$648,692	\$687,172
Intergovernmental	--	--	--	--	--
Investment income	4,675	2,419	2,246	843	1,270
Net appreciation in fair value of investment	1,013	316	(854)	(82)	(1,046)
Other	--	--	41	--	--
Total Revenues	626,485	568,481	603,316	649,453	687,396
Expenditures					
Current:					
Administration and other	--	--	--	--	--
Transportation subsidies	267,149	229,407	264,328	259,569	275,057
Total Expenditures	267,149	229,407	264,328	259,569	275,057
Excess (deficiency) of revenues over (under) expenditures	359,336	339,074	338,988	389,884	412,339
Other Financing Sources (uses)					
Transfers in	--	47,744	--	28,794	32,224
Transfer out	(441,360)	(420,897)	(350,475)	(326,569)	(414,610)
Total other financing sources (uses)	(441,360)	(373,153)	(350,475)	(297,775)	(382,386)
Net change in fund balances	(82,024)	(34,079)	(11,487)	92,109	29,293
Fund balances – beginning of year	196,639	114,615	80,536	69,049	161,158
Fund balances – end of year	114,615	80,536	69,049	161,158	191,111

Source: Audited Financial Statements for fiscal years ending June 30, 2009-2013.

PROPOSITION A SALES TAX OBLIGATIONS

General

LACMTA currently has three priority levels of obligations for Proposition A Sales Tax revenues: its First Tier Senior Lien Bonds (which includes the Series 2014-A Bonds), its Second Tier Obligations and its Third Tier Obligations (which include the Proposition A Commercial Paper Notes). LACMTA has incurred other obligations which are secured by certain “remaining” Proposition A Sales Tax cash receipts. See “—Outstanding Proposition A Sales Tax Obligations—Other Obligations.”

LACMTA had outstanding the following Proposition A Sales Tax obligations as of October 1, 2014: First Tier Senior Lien Bonds in the aggregate principal amount of \$1,162,355,000 (including the Refunded Bonds); Second Tier Obligations in the aggregate principal amount of \$20,520,000 (excluding any regularly scheduled payment obligations due under certain of LACMTA’s interest rate swap agreements); and Proposition A Commercial Paper Notes in the aggregate principal amount of \$65,000,000. See “—Outstanding Proposition A Sales Tax Obligations.”

LACMTA may issue additional First Tier Senior Lien Bonds upon the satisfaction of certain conditions contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Additional First Tier Senior Lien Bonds.”

Debt Service Coverage

The following table presents historical Pledged Revenues and First Tier Senior Lien Bond debt service coverage ratios for the fiscal years ended June 30, 2005 through June 30, 2014.

TABLE 8
Proposition A Pledged Revenues and
Debt Service Coverage
(dollars in millions)

Fiscal Year	Pledged Revenues ¹	First Tier Senior Lien Bonds Total Debt Service ²	First Tier Senior Lien Bonds Debt Service Coverage Ratio	Proposition A Sales Tax Revenues Remaining After Payment of First Tier Senior Lien Bonds ³
2005	\$464.6	\$130.4	3.56x	\$334.2
2006	501.8	141.5	3.55	360.3
2007	514.6	147.9	3.48	366.6
2008	512.5	148.1	3.46	364.4
2009	465.6	148.7	3.13	316.9
2010	424.3	156.5	2.71	267.8
2011	451.4	150.7	3.00	300.7
2012	486.5	144.6	3.36	341.9
2013	515.4	152.0	3.39	363.4
2014 ⁴	532.5	145.1	3.67	387.5

¹ 75% of Net Proposition A Sales Tax revenue (less administrative fee, special adjustments and Local Allocations). Rounded to closest \$100,000. See Table 3 above.

² Calculated on a bond year ending July 1 as opposed to a fiscal year ending June 30. Rounded to closest \$100,000.

³ Rounded to the closest \$100,000.

⁴ Unaudited from “Fourth Quarter Financial Report (Unaudited) For the Year Ended June 30, 2014”

Source: LACMTA.

Outstanding Proposition A Sales Tax Obligations

Obligations of LACMTA payable from the Proposition A Sales Tax consist of sales tax revenue bonds, commercial paper notes, and certain amounts owed under interest rate swap agreements, standby bond purchase agreements and pledge agreements.

First Tier Senior Lien Bonds. LACMTA had the following First Tier Senior Lien Bonds outstanding as of October 1, 2014.

TABLE 9
Los Angeles County Metropolitan Transportation Authority
Proposition A First Tier Senior Sales Tax Revenue Bonds
(Outstanding as of October 1, 2014)

Proposition A First Tier Senior Sales Tax Revenue Bonds¹	Outstanding Principal Amount
Senior Sales Tax Revenue Refunding Bonds, Series 2013-A	\$ 262,195,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-A	51,380,000
Senior Sales Tax Revenue Refunding Bonds, Series 2011-A	83,595,000
Senior Sales Tax Revenue Refunding Bonds, Series 2011-B	91,110,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-A	189,265,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-A1	61,675,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-A2	61,750,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-A3	61,750,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-A4	61,850,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-B	21,520,000
Senior Sales Tax Revenue Refunding Bonds, Series 2007-A	24,310,000
Senior Sales Tax Revenue Bonds, Series 2005-A2	<u>191,955,000</u>
Total	<u>\$1,162,355,000</u>

¹ The First Tier Senior Lien Bonds are payable from and constitute prior first liens on Proposition A Sales Tax revenue.

² Upon the issuance of the Series 2014-A Bonds on [____], 2014, \$[____] aggregate principal amount of the Series 2005-A Bonds will be refunded and defeased.

³ Rounded to the closest \$100,000.

Source: LACMTA.

Index Interest Rate Bonds. Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4 (the “Index Interest Rate Bonds”) bear interest at an Index Interest Rate. On July 28, 2014, the Series 2008-A1 Bonds were purchased by Banc of America Preferred Funding Corporation and on August 1, 2014, the Series 2008-A2 Bonds were purchased by Banc of America Preferred Funding Corporation and the Series 2008-A3 and 2008-A4 were purchased by U.S. Bank National Association. The Index Interest Rate Bonds bear interest at a rate equal to 70% of the LIBOR Index plus an interest rate spread (currently 0.32% with respect to the Series 2008-A1 Bonds and 2008-A2 Bonds and 0.28% with respect to the Series 2008-A3 Bonds and the Series 2008-A4 Bonds). The Index Interest Rate Bonds will be subject to tender for purchase on July 28, 2016 (Series 2008-A1) and August 1, 2016 (Series 2008-A2, 2008-A3 and 2008-A4) with a one year early termination clause unless extended or modified. Under the terms of the Thirty-Fourth Supplemental Trust Agreement, dated July 28, 2014, the First Amendment to Amended and Restated Twenty-Eighth Supplemental Trust Agreement, dated June 28, 2012, and the Amended and Restated Twenty-Eighth Supplemental Trust Agreement, dated August 1, 2011, by and between LACMTA and the Trustee, the Series 2008-A1 Covenant Agreement (as defined herein), the Series 2008-A2 Covenant Agreement (as defined herein) and the Series 2008-A3/A4 Continuing Covenant Agreement (as defined herein), the Index Interest Rate Bonds are subject to mandatory redemption upon certain specified events. See also “Other Obligations” below.

Second Tier Obligations.

Series 2008-A Swap Agreements. In connection with the issuance of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2005-C1, Series 2005-C2, Series 2005-C3 and Series 2005-C4, LACMTA entered into an interest rate swap agreement with the Bank of Montreal (“BMO”) and an interest rate swap agreement with Deutsche Bank AG, New York Branch (“Deutsche Bank”). These interest rate swap agreements are now associated with the Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4 (collectively, the “Series 2008-A Bonds”) for purposes of calculating Maximum Annual Debt Service and are referred to herein as the “Series 2008-A BMO Swap Agreement” and the “Series 2008-A Deutsche Swap Agreement,” respectively, and collectively as the “Series 2008-A Swap Agreements.” BMO and Deutsche Bank are collectively referred to herein as the “Series

2008-A Swap Counterparties.” Certain terms of the Series 2008-A Swap Agreements are included in “Table 10—Series 2008-A Swap Agreements” below.

LACMTA’s obligations to pay the Series 2008-A Swap Counterparties a fixed amount under the respective Series 2008-A Swap Agreements are Second Tier Obligations. The terms of the Series 2008-A Swap Agreements do not alter any of the obligations of LACMTA with respect to the payment of principal of or interest on the Series 2008-A Bonds or any other First Tier Senior Lien Bonds. The payments received by LACMTA from the Series 2008-A Swap Counterparties due under the Series 2008-A Swap Agreements do not constitute Pledged Revenues and are not pledged to the payment of principal of or interest on the Series 2008-A Bonds or any other First Tier Senior Lien Bonds, although payments made by BMO and Deutsche Bank under the Series 2008-A Swap Agreements (other than termination payments) will be deposited in the Series 2008-A Interest Subaccount and will be used to pay interest on the Series 2008-A Bonds.

Under certain circumstances, LACMTA may be obligated to make termination payments to the Series 2008-A Swap Counterparties if the Series 2008-A Swap Agreements are terminated prior to their termination dates. The amount of any termination payment will be determined pursuant to several factors, including the level of comparable interest rates at the time the applicable Series 2008-A Swap Agreement is terminated. Such termination payments could be substantial. Estimated termination values that LACMTA would be required to pay are included in the table below. Such termination payments would be secured by a lien on Proposition A Remaining Sales Tax revenues on a parity with LACMTA’s obligations to pay debt service on the General Revenue Bonds. See “—Other Obligations” below. However, LACMTA may have to incur additional indebtedness secured by Proposition A Sales Tax revenue and/or Proposition C Sales Tax revenue to make any termination payments on the applicable Series 2008-A Swap Agreement; any such additional indebtedness may include the issuance of First Tier Senior Lien Bonds.

Under the terms of the Series 2008-A Swap Agreements, LACMTA may be required to post collateral in favor of the applicable Series 2008-A Swap Counterparty if the estimated termination payment exceeds certain thresholds. As of October 1, 2014, LACMTA had no collateral posted under the Series 2008-A BMO Swap Agreement or the Series 2008-A Deutsche Swap Agreement.

The following table sets forth certain terms of the Series 2008-A Swap Agreements as of September 26, 2014.

TABLE 10
Series 2008-A Swap Agreements

	Series 2008-A Swap Agreements	Series 2008-A Deutsche Swap Agreement
Counterparty	Bank of Montreal	Deutsche Bank AG, New York Branch
Associated First Tier Senior Lien Bonds	Series 2008-A1 and 2008-A2 Bonds	Series 2008-A3 and 2008-A4 Bonds
Current Notional Amount	\$123,425,000	\$123,600,000
Effective Date	August 23, 2005	August 23, 2005
Maturity Date	July 1, 2031	July 1, 2031
Fixed Rate Paid by LACMTA	3.373%	3.358%
Variable Rate Received by LACMTA	63% of USD-LIBOR + 0.14%	63% of USD-LIBOR + 0.14%
Estimated Termination Value as of September 26, 2014	\$ 4,088,945	\$ 4,074,175

Source: LACMTA.

Other Second Tier Obligations. On October 6, 1993, the Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California issued its Grand Central Square Multifamily Housing Bonds, 1993 Series A (the “Housing Bonds”) and its Grand Central Square Qualified Redevelopment Bonds, 1993 Series A (the “Redevelopment Bonds”). The Redevelopment Bonds were refunded on April 30, 2002 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Qualified Redevelopment Bonds, 2002 Refunding Series A (the “Refunding Redevelopment Bonds”). The Housing Bonds were refunded on June 21, 2007 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A (the “2007 Series A Refunding Housing Bonds”) and Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series B (the “2007 Series B Refunding Housing Bonds” and, together with the 2007 Series A Refunding Housing Bonds, the “Refunding Housing Bonds”). LACMTA is obligated (but only from LACMTA’s 40% discretionary share of Proposition A Sales Tax revenues described in Table 2 of this Official Statement) to make debt service payments with respect to the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds. To the extent the trustee for the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds has sufficient revenues and other funds, the trustee will reimburse LACMTA to the extent of its payment from such funds. As of October 1, 2014 \$20,520,000 Special Revenue Fund aggregate principal amount of the 2007 Series B Refunding Housing Bonds and the Refunding Redevelopment Bonds were outstanding.

On June 28, 2011, State law was enacted which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. The obligations of the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, California, with respect to the Refunding Redevelopment Bonds are unchanged but subject to certain statutory procedures with respect to its operations and providing tax increment revenues in support of enforceable obligations. The CRA/LA is not obligated to pay any amount in respect of the obligation of LACMTA on the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds if not paid when and as due.

LACMTA’s regularly scheduled payment obligations under the Series 2008-A Swap Agreements, the Refunding Redevelopment Bonds and the Refunding Housing Bonds constitute “Second Tier Obligations,” and are payable from Proposition A Sales Tax revenues on a subordinate basis to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds).

Third Tier Obligations.

Pursuant to the Subordinate Trust Agreement, dated as of January 1, 1991, as amended and supplemented, by and between LACMTA (as successor to the Commission) and U.S. Bank National Association, the successor to the BankAmerica Trust Company, as the successor to Security Pacific National Trust Company (New York), as trustee, LACMTA is authorized to issue up to \$350,000,000 aggregate principal amount of its Proposition A tax exempt commercial paper notes (the “Proposition A Commercial Paper Notes”). The Proposition A Commercial Paper Notes can only be issued and outstanding if they are supported by a letter of credit. The Proposition A Commercial Paper Notes are payable from Proposition A Sales Tax revenues on a subordinate basis to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds) and the Second Tier Obligations.

A portion of the Proposition A Commercial Paper Notes are supported by two letters of credit (the “Proposition A CP Letters of Credit”) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and MUFG Union Bank, N.A. LACMTA’s reimbursement obligations with respect to the Proposition A CP Letters of Credit are payable from Proposition A Sales Tax revenues on parity with the Proposition A Commercial Paper Notes and on a subordinate basis to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds) and the Second Tier Obligations. The following table sets forth certain terms of the Proposition A CP Letters of Credit.

TABLE 11
Proposition A CP Letters of Credit

Letter of Credit Provider	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	MUFG Union Bank, N.A.
Amount of Letter of Credit	\$74,999,724 ¹	\$74,999,724 ²
Issuance Date	March 11, 2013	March 11, 2013
Expiration Date	March 11, 2016	March 11, 2016

¹ Supports \$68,885,000 of principal and \$6,114,724 of interest.

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

Source: LACMTA.

The Proposition A Commercial Paper Notes and LACMTA's reimbursement obligations under the reimbursement agreement entered into with respect to the Proposition A CP Letter of Credit constitute "Third Tier Obligations." As of October 1, 2014, \$65,000,000 aggregate principal amount of Proposition A Commercial Paper Notes were outstanding.

Other Obligations.

Series 2008-A1 Covenant Agreement. In connection with the purchase of the Series 2008-A1 Bonds and Series 2008-A2 Bonds by Banc of America Preferred Funding Corporation, LACMTA entered into a Covenant Agreement dated July 29, 2014 (the "Series 2008-A1 Covenant Agreement"), by and between Bank of America Preferred Funding Corporation and LACMTA. Pursuant to the Series 2008-A1 Covenant Agreement, LACMTA is obligated to pay certain specified fees and other amounts, which are payable from Pledged Revenues on a subordinate basis to the First Tier Senior Lien Bonds, the Second Tier Obligations and the Third Tier Obligations.

Series 2008-A2 Covenant Agreement. In connection with the purchase of the Series 2008-A2 Bonds by Banc of America Preferred Funding Corporation, LACMTA entered into Covenant Agreements dated August 1, 2014 (the "Series 2008-A2 Covenant Agreement"), by and between Bank of America Preferred Funding Corporation and LACMTA. Pursuant to the Series 2008-A2 Covenant Agreement, LACMTA is obligated to pay certain specified fees and other amounts, which are payable from Pledged Revenues on a subordinate basis to the First Tier Senior Lien Bonds, the Second Tier Obligations and the Third Tier Obligations.

Series 2008-A3 and Series 2008-A4 Covenant Agreements. In connection with the purchase of the Series 2008-A3 and Series 2008-A4 Bonds by U.S. Bank National Association, LACMTA entered into a Covenant Agreement, dated August 1, 2014 (the "Series 2008-A3 and Series 2008-A4 Covenant Agreement"), by and between U.S. Bank National Association and LACMTA. Pursuant to the Series 2008-A3 and Series 2008-A4 Covenant Agreement, LACMTA is obligated to pay certain specified fees and other amounts, which are payable from Pledged Revenues on a subordinate basis to the First Tier Senior Lien Bonds, the Second Tier Obligations and the Third Tier Obligations.

Reference copies of these three Covenant Agreements are on file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (the "EMMA System") and can be accessed at <http://emma.msrb.org/>.

General Revenue Bonds. On September 22, 2004, LACMTA issued \$197,050,000 aggregate principal amount of its General Revenue Refunding Bonds (Union Station Gateway Project) Series 2004-A, Series 2004-B, Series 2004-C and Series 2004-D (the "Series 2004 General Revenue Bonds"). In July 2010, LACMTA issued \$79,620,000 aggregate principal amount of its General Revenue Refunding Bonds (Union Station Gateway Project) Series 2010-A (the "Series 2010-A General Revenue Bonds" and together with the Series 2004 General Revenue Bonds, the "General Revenue Bonds") to finance the purchase and cancellation of a portion of the Series 2004

General Revenue Bonds. As of October 1, 2014, there was \$86,175,000 Series 2004 General Revenue Bonds outstanding and \$55,795,000 Series 2010-A General Revenue Bonds outstanding, for an aggregate principal amount of \$141,970,000 General Revenue Bonds outstanding.

The General Revenue Bonds are secured by a pledge of farebox revenues, fee and advertising revenues (collectively, "General Revenues") and Proposition A Sales Tax and Proposition C Sales Tax revenues that remain after the application of those revenues to the payment of principal and interest on the First Tier Senior Lien Bonds (including the Series 2014-A Bonds), Second Tier Obligations and Third Tier Obligations, in the case of the Proposition A Sales Tax, and certain Proposition C Sales Tax secured obligations, in the case of the Proposition C Sales Tax (the "Proposition A Remaining Sales Tax" and the "Proposition C Remaining Sales Tax," respectively). LACMTA's obligation to pay principal of and interest on the General Revenue Bonds is secured by a lien on Proposition A Sales Tax that is junior and subordinate to the First Tier Senior Lien Bonds (including the Series 2014-A Bonds), the Second Tier Obligations and the Third Tier Obligations as to the lien on and source and security for payment from Pledged Revenues.

LACMTA entered into an interest rate swap agreement (the "General Revenue Swap Agreement") with Bank of Montreal (the "General Revenue Swap Provider") on September 14, 2004 in connection with the Series 2004 General Revenue Bonds. LACMTA's obligation to make fixed payments of 3.501% under the General Revenue Swap Agreement was payable from LACMTA's General Revenues (consisting primarily of farebox revenues), Proposition A Remaining Sales Tax and Proposition C Remaining Sales Tax on a parity with LACMTA's obligation to pay interest on the General Revenue Bonds. LACMTA terminated the General Revenue Swap Agreement on July 1, 2014.

Policy Limits on Additional Bonds

Besides the limitations of the additional bonds test noted above under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS—Proposition A Sales Tax Obligations—Additional First Tier Senior Lien Bonds," LACMTA has adopted a debt policy which sets additional limits on the amount of debt secured by the Proposition A Sales Tax it can issue. This debt policy is reviewed periodically, and sets limits on debt service as a percentage of the use of sales tax revenues for certain types of expenditures as set forth in Ordinance No. 16, which levied the tax. These limits are intended to ensure that LACMTA will be able to continue providing essential operational services while planning for replacement, rehabilitation and expansion of capital investments. Under its current debt policy, debt service on LACMTA obligations is limited to [___]% of its share of Proposition A sales tax revenues, which would require a minimum of [_____] times coverage of debt service. LACMTA annually monitors its compliance with its debt policy limits. LACMTA is not obligated to maintain its current debt policy and may modify it to allow the issuance of a greater amount of debt secured by the Proposition A Sales Tax in the future.

COMBINED DEBT SERVICE SCHEDULE

The following table shows the combined debt service requirements on LACMTA's First Tier Senior Lien Bonds after giving effect to the issuance of the Series 2014-A Bonds and the refunding and defeasance of the Refunded Bonds.

TABLE 12
Los Angeles County Metropolitan Transportation Authority
Combined Debt Service Schedule
First Tier Senior Lien Bonds¹

Bond Years Ending [December] ¹	Other Outstanding First Tier Senior Lien Bonds Debt Service ^{2,3}	Series 2014-A Bonds Debt Service			Combined Total Debt Service First Tier Senior Lien Bonds
		Principal	Interest	Total Debt Service	
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

¹ Totals may not add due to rounding.

² Assumes the Series 2008-A1 Bonds and the Series 2008-A2 Bonds bear interest at a fixed interest rate of 3.373% (the fixed rate payable by LACMTA under the Series 2008-A BMO Swap Agreement) and the Series 2008-A3 Bonds and the Series 2008-A4 Bonds bear interest at a fixed interest rate of 3.358% (the fixed rate payable by LACMTA under the Series 2008-A Deutsche Swap Agreement).

³ Previously issued debt excludes the debt service for the Refunded Bonds, which will be defeased on the date of issuance of the Series 2014-A Bonds.

Source: LACMTA and Backstrom McCarley Berry & Co., LLC.

LITIGATION

There is no litigation pending or, to the knowledge of LACMTA, threatened, against LACMTA in any way questioning or affecting the validity of the Series 2014-A Bonds, the imposition and collection of the Proposition A Sales Tax or the pledge of the Pledged Revenues. On April 30, 1982, the California Supreme Court, in *Los Angeles County Transportation Commission v. Richmond*, upheld the validity of the Proposition A Sales Tax. Various claims of other types have been asserted against LACMTA. See “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION AND OTHER REGULATORY ACTIONS.”

LEGAL MATTERS

The validity of the Series 2014-A Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to LACMTA. A complete copy of the proposed Bond Counsel opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for LACMTA. The Los Angeles County Counsel, as General Counsel to LACMTA, will pass on certain legal matters for LACMTA.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2014-A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2014-A Bonds is less than the amount to be paid at maturity of such Series 2014-A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014-A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2014-A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014-A Bonds is the first price at which a substantial amount of such maturity of the Series 2014-A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014-A Bonds accrues daily over the term to maturity of such Series 2014-A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014-A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014-A Bonds. Beneficial Owners of the Series 2014-A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014-A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014-A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014-A Bonds is sold to the public.

Series 2014-A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Series 2014-A Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2014-A Bonds, like the Premium Series 2014-A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Series 2014-A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2014-A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2014-A Bonds. LACMTA has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014-A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014-A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014-A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance

with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2014-A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014-A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2014-A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014-A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014-A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014-A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014-A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014-A Bonds. Prospective purchasers of the Series 2014-A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2014-A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of LACMTA, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. LACMTA has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2014-A Bonds ends with the issuance of the Series 2014-A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend LACMTA or the Beneficial Owners regarding the tax-exempt status of the Series 2014-A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than LACMTA and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2014-A Bonds is difficult, obtaining an independent review of IRS positions with which LACMTA legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014-A Bonds for audit, or the course or result of such audit, or an audit of Series 2014-A Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014-A Bonds, and may cause LACMTA or the Beneficial Owners to incur significant expense.

FINANCIAL ADVISOR

LACMTA has retained Backstrom McCarley Berry & Co., LLC, as Financial Advisor (the "Financial Advisor") for the sale of the Series 2014-A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

The financial statements of LACMTA for the fiscal year ended June 30, 2013 and the Management's Discussion and Analysis and certain supplementary information, and the Independent Auditors' Report of KPMG LLP, independent accountants, dated December 20, 2013 (collectively, the "2013 Financial Statements") are included as "APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013." LACMTA's financial statements as of June 30, 2013 and for the year then ended, included in this Official Statement, have been audited by KPMG LLP, independent accountants, as stated in their Report appearing in APPENDIX B. LACMTA has not requested, nor has KPMG LLP given, KPMG LLP's consent to the inclusion in APPENDIX B of its Report on such financial statements. In addition, KPMG LLP has not performed any post-audit review of the financial condition of LACMTA and has not reviewed this Official Statement.

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, certified public accountants, will verify, from the information provided to them, the mathematical accuracy of the computations contained in the provided schedules to determine that the amounts to be held in the Escrow Fund will be sufficient to pay principal, interest and redemption price due on the Refunded Bonds through and including the Redemption Date. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series 2014-A Bonds.

CONTINUING DISCLOSURE

At the time of issuance of the Series 2014-A Bonds, LACMTA will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which will provide for disclosure obligations on the part of LACMTA. Under the Continuing Disclosure Certificate, LACMTA will covenant for the benefit of Owners and Beneficial Owners of the Series 2014-A Bonds to provide certain financial information and operating data relating to LACMTA by not later than 195 days after the end of the prior fiscal year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. [LACMTA has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE." However, LACMTA has become aware that some information that was made available in a timely manner on the EMMA System was not linked to the CUSIP numbers for all affected series of bonds. LACMTA has corrected this issue. In addition, LACMTA has become aware that in a few instances, notices of changes in ratings on some of LACMTA's bonds were not filed in a timely manner. LACMTA has made corrective filings regarding these ratings changes.]

SALE OF BONDS _____, 2014

The Series 2014-A Bonds were sold at competitive sale on _____ and awarded to (the "Winning Bidder") at a purchase price of \$ _____ (consisting of the par amount of the Series 2014-A Bonds, [plus/minus] [a/an] [net] original issue [premium/discount] of \$ _____, and less an amount retained by the Winning Bidder as compensation (*i.e.*, underwriter's discount) of \$ _____). The Winning Bidder will purchase all of the Series 2014-A Bonds, subject to certain terms and conditions set forth in the Notice Inviting Bids, dated _____, the approval of certain legal matters by counsel, and certain other conditions.

RATINGS

[Fitch] and S&P have assigned the Series 2014-A Bonds ratings of [“___” (stable outlook)] and [“___” (stable outlook)], respectively. In addition to Fitch and S&P, Moody’s has assigned ratings to other First Tier Senior Lien Bonds. Such credit ratings reflect only the views of such organizations and any desired explanation of the meaning and significance of such credit ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses, which are current as of the date of this Official Statement: [Fitch Ratings, One State Street Plaza, New York, New York 10004]; and Standard & Poor’s, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its credit rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will remain in effect for any given period of time or that any such rating will not be revised, either downward or upward, or withdrawn entirely, or a positive, negative or stable outlook announced, by the applicable rating agency, if, in its judgment, circumstances so warrant. LACMTA undertakes no responsibility to bring to the attention of the Owners of the Series 2014-A Bonds any announcement regarding the outlook of any rating agency with respect to the Series 2014-A Bonds. Any downward revision or withdrawal or announcement of negative outlook could have an adverse effect on the market price of the Series 2014-A Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information by assigning agencies.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Treasurer of the Los Angeles County Metropolitan Transportation Authority, One Gateway Plaza, Los Angeles, California 90012, Attention: Treasury Department, Email: TreasuryDept@metro.net, Telephone: (213) 922-2554, or from LACMTA’s Financial Advisor, Backstrom McCarley Berry & Co., LLC, Telephone: (415) 392-5505. LACMTA maintains a website at <http://www.metro.net>. Information on such website is not part of this Official Statement and such information has not been incorporated by reference in this Official Statement and should not be relied upon in deciding whether to invest in the Series 2014-A Bonds.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____

Treasurer

[THIS PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

GENERAL

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is the largest public transit operator west of Chicago. As the principal transit provider in the southern California region, LACMTA serves about 75% of all transit trips within its 1,433 square mile service area, carrying an estimated 1.1 million passengers per day on buses and nearly 360,000 passengers on rail. LACMTA operates four light rail lines, serving 67 stations along 70.3 miles of track and two heavy rail lines that serve 16 stations along 17.4 miles of track. In addition to the transit services provided by LACMTA, it also provides funding to 40 other municipal operators that offer fixed-route service and more than 100 other local return and non-profit agencies that provide community-based transportation. LACMTA also provides highway construction funding and traffic flow management.

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 *et seq.* of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 4, 1980, the voters of the County approved the Proposition A Sales Tax pursuant to Ordinance No. 16. The Proposition A Sales Tax is in addition to a ½ of 1 percent sales tax imposed by LACMTA beginning in 1990 known as “Proposition C Sales Tax” and a 30-year ½ of 1 percent sales tax imposed by LACMTA beginning in 2009 known as the “Measure R Sales Tax.”

Board of Directors

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

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

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

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

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

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

Michael D. Antonovich. Mr. Antonovich has been the Los Angeles County Supervisor representing the Fifth Supervisorial District since his election in 1980. From 1972 to 1978, he served as a member of the California State Assembly. He also served as a member of the Board of Trustees of the Los Angeles Community College District from 1968 to 1973. Mr. Antonovich has held teaching positions with the Los Angeles Unified School District and Pepperdine University. He holds a Bachelor of Arts and master's degree from California State University, Los Angeles.

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

Diane DuBois. In January 2009, the California League of Cities Los Angeles County Division appointed Lakewood City Councilmember Diane DuBois to the Board representing the Southeast Long Beach Sector. Councilmember DuBois was elected to the City Council of Lakewood in 2005. Prior to her City Council service, she was a Lakewood Planning and Environment Commissioner for 28 years. She has been a board member and volunteer of Lakewood Meals On Wheels, a board member of the Greater Long Beach Girl Scout Council, a governing board member of Lakewood Regional Medical Center, a member of Soroptimists International of Lakewood/Long Beach, and a volunteer at Pathways Volunteer Hospice.

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

Don Knabe. Mr. Knabe is the Los Angeles County Supervisor representing the Fourth Supervisorial District, having been elected in 1996 and re-elected in 2000, 2004, 2008 and 2012. Alongside a successful career as a small business owner, Mr. Knabe was elected to the Cerritos City Council in 1980 and served for eight years, including two terms as Mayor. Mr. Knabe was appointed to the President's Homeland Security Advisory Council and was Chair of the State and Local Officials Senior Advisory Committee. He holds a bachelor's degree in Business Administration from Graceland College in Lamoni, Iowa.

Paul Krekorian. Mr. Krekorian was elected to the Los Angeles City Council to represent the Second District in 2009 and was re-elected in 2013. He was appointed to the Board by Mayor Garcetti in July 2013. Prior to his election to the Los Angeles City Council, he represented California's 43rd Assembly District in the California State Assembly for three years. Prior to being elected to public office, Mr. Krekorian served as President of the Burbank Board of Education and practiced law. He attended the University of Southern California and later earned his Juris Doctor from the University of California, Berkeley, School of Law.

Gloria Molina. Ms. Molina is the Los Angeles County Supervisor representing the First Supervisorial District, having been first elected to this office in 1991 and re-elected in 1994, 1998, 2002, 2006 and 2010. Prior to her election to the Board of Supervisors, Ms. Molina served as State Assemblywoman for the 56th District from 1982 to 1987. In 1987, she was elected to the Los Angeles City Council where she served as the Councilwoman of the First District until 1991. Prior to being elected to public office, Ms. Molina served in the Carter White House as a Deputy for Presidential Personnel. After leaving the White House, Ms. Molina served as the Deputy Director for the Department of Health and Human Services in San Francisco.

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

Pam C. O'Connor. Ms. O'Connor has served on the Santa Monica City Council since 1994 and has served as that city's mayor in 1997, 1999 and 2005. Ms. O'Connor was appointed to the Board in 2001 by the Los Angeles County City Selection Committee to represent the Southwest Corridor Sector. She has served as a member of the Southern California Association of Governments' Regional Council and the League of California Cities transportation and public works committee. Ms. O'Connor also works as a private consultant, specializing in historic preservation. Ms. O'Connor earned a Bachelor of Science in journalism from Southern Illinois University and holds master's degrees in historic preservation planning and in technology management from Eastern Michigan University.

Zev Yaroslavsky. Mr. Yaroslavsky is the Los Angeles County Supervisor representing the Third Supervisorial District, having been elected to this office in November 1994 and reelected in 1998, 2002, 2006 and 2010. Mr. Yaroslavsky served as a member of the City Council of the City of Los Angeles between 1975 and 1994. Prior to his election to the Los Angeles County Board of Supervisors, Mr. Yaroslavsky served on the Board as the alternate to Los Angeles Mayor Richard Riordan. The Los Angeles native earned his bachelor's degree in history and economics from UCLA in 1971, followed by a master's degree in history in 1972.

Carrie Bowen, Ex Officio Member. Ms. Bowen became the Acting Director of the California Department of Transportation District 7 in August 2013. She was appointed to the Board by Governor Brown in August 2013 and provides oversight to all divisions including administration, construction, design, environmental, external affairs, maintenance, operations, planning, project management and right-of-way. Previously, Ms. Bowen served as District 10 Director, following her appointment in January 2011. She has worked for Caltrans for approximately 30 years, rising to the position of Deputy District Director for the Central Region, Environmental Division. In addition to her work with Caltrans, Ms. Bowen also served on Assemblyman Jim Costa's staff from 1985 to 1991.

Management

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

Chief Executive Officer. Arthur T. Leahy became LACMTA's Chief Executive Officer in April 2009. Prior to his appointment as Chief Executive Officer of LACMTA, Mr. Leahy was the chief executive officer of the Orange County Transportation Authority ("OCTA"), a county-wide transportation agency, where he oversaw planning, financing and coordination for Orange County's freeway, street and rail development, bus service, commuter rail service and paratransit services for the disabled, among other transportation programs. Prior to his service at OCTA, Mr. Leahy served as general manager of the transit agency in Minneapolis-St. Paul between 1997 and 2001. Mr. Leahy began his transit career in 1971 driving a bus for the District, a predecessor of LACMTA, while attending college, eventually becoming the head of the Operations Division for LACMTA, before taking the Minneapolis chief executive job. Mr. Leahy earned a bachelor's degree in political science from California State University, Los Angeles and a master's degree in Public Administration from the University of Southern California.

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

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

Public Transportation Services Corporation

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

TRANSPORTATION SERVICES

LACMTA is a multi-faceted transportation agency responsible for the coordination of transportation policy, funding and planning within the County as well as the development and operation of bus, rail, highway and commuter rail within the greater Los Angeles region. This breadth of services distinguishes LACMTA from other transportation agencies across the country. Most other transportation agencies specialize in three or fewer of the referenced transportation services.

Bus System

LACMTA operates the second largest bus system in the United States. LACMTA provides bus service within its service area in the County and to portions of Orange and Ventura Counties, operating a vehicle fleet of over 2,200 buses. LACMTA's bus system covers 183 routes and serves approximately 16,000 bus stops, including two premium bus rapid transit dedicated busways. Systemwide, LACMTA buses provide approximately 6.9 million revenue service hours annually with an average of approximately 1.1 million weekday boardings for the three month period ended September 30, 2014 and total boardings of 87.3 million for the three month period ended September 30, 2014, including Orange Line busway ridership. In addition, LACMTA contracts with outside service providers, with approximately 54,100 average weekday boardings for the three month period ended September 30, 2014. Virtually all of LACMTA's bus fleet is composed of compressed-natural gas ("CNG") powered buses. As of October 1, 2014, the average age of LACMTA's bus fleet was approximately 8.4 years.

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

Metro Orange Line. The Metro Orange Line is a 14-mile Bus Rapid Transit service that operates along an exclusive right-of way and transports thousands of commuters between Warner Center in the west San Fernando Valley to the Metro Red Line subway station in North Hollywood. The Metro Orange Line buses operate in exclusive lanes along a 13-mile stretch of LACMTA-owned right-of-way and one mile in mixed flow traffic on public streets. The Metro Orange Line has 14 stations, each located roughly one mile apart, with park and ride facilities at seven stations providing approximately 4,700 parking spaces. The Metro Orange Line opened in October 2005, at a total cost of \$273.1 million. The Metro Orange Line Extension Project (the "MOL Extension"), a four-mile extension of the Metro Orange Line extending from the Canoga park-and-ride lot to the Chatsworth Amtrak/Metrolink Station, opened in June 2012. The MOL Extension includes: the busway, new station platforms at the Canoga park-and-ride lot, and new stations at Sherman Way, Roscoe Boulevard, Nordhoff Street, and the Chatsworth Metrolink Station, and added an additional 800 parking spaces. The original budget was \$215.6 million, which was subsequently reduced to an estimated total cost for the MOL Extension of \$154.0 million.

Highway System

The High Occupancy Vehicle ("HOV") lane program is a cooperative effort between Caltrans and LACMTA, and is funded through a combination of federal, State and local resources. As part of a congestion reduction demonstration program, LACMTA has converted I-10 and I-110 High Occupancy Vehicle ("HOV") Lanes to High Occupancy Toll Lanes and provide the choice for drivers of single occupant vehicles to pay to travel in a high occupancy lane, based on congestion pricing. The general purpose lanes on these highways are not tolled. This program also includes improvements to the transit service along the freeways, transit facility improvements and increased funding for vanpools. LACMTA also provides highway construction funding and traffic flow management.

Rail System

General. In 1992, the Commission developed a comprehensive rail rapid transit system development plan (the "Rail System") which has been revised from time to time. The Rail System currently consists of four light rail lines: the Metro Blue Line, the Metro Green Line, the Metro Gold Line (including the Gold Line Eastside Extension) and the Exposition Project; and two heavy rail lines: Metro Red Line and the Metro Purple Line.

Metro Blue Line. The Metro Blue Line was designed as a modern, state-of-the-art light rail transit line, which extends approximately 22 miles from downtown Los Angeles, where it links to the Metro Red Line, to the City of Long Beach. The Metro Blue Line passes through portions of the cities of Los Angeles, Long Beach, Compton, Carson and other cities, and certain unincorporated areas of the County. A portion of the Metro Blue Line utilizes a reserved, but not necessarily grade-separated, right-of-way on which electrically powered vehicles, drawing current from overhead wire, operate singly or in trains. Passenger service began in July 1990 and had estimated ridership of approximately 7.0 million for the three month period ended September 30, 2014.

The Metro Blue Line consists of a dual-track line with 22 stations, with a fleet of 54 articulated rail cars and a primary maintenance facility and yard located in Long Beach adjacent to the Long Beach Freeway with a storage and maintenance capacity of 89 vehicles. The vehicle maintenance facility supports vehicles from both the Metro Blue Line and the Metro Green Line. Total travel time between the terminal points of the Metro Blue Line is approximately 58 minutes. The Metro Blue Line project budget was \$877 million and the project was completed within budget.

Metro Green Line. The Metro Green Line is a 19.5-mile light rail line linking the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk near the San Gabriel River Freeway. The Metro Green Line has 14 stations including a station that intersects the Metro Blue Line and one that provides passenger connections to the Harbor Freeway Transitway, an elevated busway developed by Caltrans. Travel time between the terminal points of the Metro Green Line is approximately 35 minutes. The Metro Green Line began operations in August 1995, and had estimated ridership of approximately 3.2 million for the three month period ended September 30, 2014. The Metro Green Line Project budget was \$712.3 million and the project was completed within budget.

Metro Gold Line and Gold Line Eastside Extension. The Metro Gold Line (formerly known as the Pasadena Gold Line) is a 13.7-mile light rail line which extends from downtown Los Angeles (where it links to the Metro Red Line) to the City of Pasadena. The Metro Gold Line consists of a dual-track line with 13 stations. Travel time of the Metro Gold Line between the Sierra Madre Villa station and downtown Los Angeles is approximately 35 minutes. The Metro Gold Line began operations in July 2003. The Metro Gold Line project budget was \$725 million, \$451 million of which was funded by the Pasadena Metro Blue Line Construction Authority and \$274 million of which was funded by LACMTA.

The Gold Line Eastside Extension Project (“Eastside Extension”), which opened in November 2009, is a six-mile, dual track light rail system with eight new stations and one station modification. The system originates at Union Station in downtown Los Angeles, where it connects with the Metro Gold Line, traveling generally east to Pomona and Atlantic Boulevards through one of the most densely populated areas of the County. The total estimated project cost for the Eastside Extension is \$898.8 million. Estimated ridership for the Metro Gold Line, including the Eastside Extension, was approximately 3.5 million for the three month period ended September 30, 2014.

Gold Line Foothill Extension. LACMTA has been working with the Metro Gold Line Foothill Extension Construction Authority to extend the existing Metro Gold Line from its current terminus in Pasadena to Montclair. The extension consists of two phases. Phase One will continue from Sierra Madre Villa in Pasadena east over 11 miles with stops in the cities of Arcadia, Duarte, Irwindale, Monrovia and two in Azusa. Phase One is currently being constructed, with revenue operations forecasted for 2016. \$777 million of Measure R Sales Tax revenues have been committed to Phase One of the Metro Gold Line Foothill Extension. Funding is currently being sought for the second phase, which would continue east from Azusa to Montclair.

Exposition Light Rail Transit Project. The Exposition Light Rail Transit Project (the “Exposition Project”) is a light rail project under development by LACMTA that is being designed and constructed by the Exposition Metro Line Construction Authority (“Exposition Authority”), a single purpose entity created under State law. When completed, the light rail line will be approximately 15 miles and run from downtown Los Angeles to Santa Monica along the Exposition Boulevard corridor. Construction on the Exposition Project began in September 2006. Phase One of the project, which fully opened in June 2012, extends approximately 8.6 miles from downtown Los Angeles to Venice/Robertson in Culver City. Estimated ridership for Phase One of the Exposition Project was approximately 2.6 million for the three month period ended September 30, 2014.

Since April 2005, the Board approved several increases to the original full funding plan for Phase One of the Exposition Project of \$640 million, and the current approved budget is \$971 million. Pursuant to the current full funding plan for Phase One, approximately 84% of the projected total costs are to be paid from State and federal sources, and the remainder are to be paid from Proposition A Sales Tax revenues, Proposition C Sales Tax revenues and other local sources.

Phase Two of the Exposition Project, which is currently under construction, will extend westward from the Venice/Robertson station, primarily along the old Pacific Electric Exposition right-of-way, to 4th Street and Colorado in downtown Santa Monica. In February 2011, the Board approved a budget of \$1.5 billion for Phase Two of the Exposition Project, of which approximately 52% of the costs are expected to be paid from Measure R Sales Tax revenues, 26% from Proposition A Sales Tax revenues, Proposition C Sales Tax revenues and other local sources, and the remainder from federal and State sources.

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

The initial 4.4-mile Metro Red Line Segment 1 extends from Union Station to Alvarado Street in the downtown section of the City of Los Angeles, with five stations located along the line. Segment 1 began operating in January 1993. The total cost of constructing Segment 1 was \$1.45 billion. In addition to constructing the rail line, the total cost of Segment 1 included the purchase of passenger vehicles, fare collection equipment, automatic train control equipment, the yards and shops required for the full construction of the Metro Red Line alignment.

Segment 2 of the Metro Red Line is 6.8 miles long with eight stations extending west from Alvarado Street to Vermont Avenue where it branches north and west. The west branch continues west under Wilshire Boulevard to Western Avenue. The west branch became operational in July 1996 and was renamed the Purple Line in August 2006. The north branch turns up Vermont Avenue and travels through Hollywood to Hollywood Boulevard and Vine Street. The north branch opened for service in June 1999. The total cost of Segment 2 was \$1.81 billion.

Segment 3 of the Metro Red Line was originally designed to consist of the north and west extensions from Segment 2 and an east extension from Union Station of Segment 1. As a result of the passage of the Act of 1998, funding shortfalls and the internal guidelines adopted by the Board, only the north extension was completed. The eastside extension has been reengineered as a light rail line. See “Metro Gold Line and Gold Line Eastside Extension” above. The north extension runs west and north from the Segment 2 Hollywood and Vine station to a North Hollywood station with two intermediate stops. This final segment of the subway opened in June 2000. The total cost of the North Hollywood segment was \$1.29 billion.

The ridership estimate for the entire Metro Red Line and Metro Purple Line was approximately 12.3 million for the three month period ended September 30, 2014. As currently planned, primary passenger access to the Metro Red Line will be provided from the Orange Line, other rail projects and from LACMTA’s extensive bus network. The extension of the Metro Purple Line from its current terminus at Wilshire and Western to the Westside of Los Angeles is included in LACMTA’s Long Range Transportation Plan. The Westside Subway Extension is currently estimated to extend approximately nine miles from its current terminus and is expected to be constructed in three sections. See “FUTURE TRANSPORTATION IMPROVEMENTS—Long Range Transportation Plan” below.

Commuter Rail. The Southern California Regional Rail Authority (“SCRRA”) oversees commuter rail services in the region that includes Los Angeles, Riverside, Ventura, Orange, San Bernardino and San Diego Counties. SCRRA operates the Metrolink system, which consists of seven lines totaling 512 miles and 55 stations and is primarily geared toward providing commuter rail service from outlying communities to downtown Los Angeles. Average weekday boardings were approximately 38,200 for the first quarter of fiscal year 2015. LACMTA is the Los Angeles County participant in SCRRA and contributes funds to SCRRA. Other participants include the Orange County Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Association of Governments and the Ventura County Transportation Authority.

FUTURE TRANSPORTATION IMPROVEMENTS

LACMTA, as the State-designated planning and programming agency for the County, identifies future transportation needs and transportation funding and construction priorities in the County. LACMTA prepares a Long Range Transportation Plan that identifies the costs of major transportation projects and the anticipated funding sources.

Long Range Transportation Plan

General. In October 2009, the Board approved a 2009 Long Range Transportation Plan (“2009 LRTP”), which updated the prior long range transportation plan. The 2009 LRTP identifies projected costs of planning, constructing and running the transportation system based on a financial forecast of future revenue assumptions through 2040. During the planning process, data was reviewed that predict where and what the current challenges are on the existing transportation system, where mobility issues could arise in 2040, and how the transportation system could be improved with new investments.

The 2009 LRTP reflects LACMTA’s assessment of growth patterns, regional congestion, strategies to improve local air quality, transit-oriented development, the latest technical assumptions and climate change issues, and incorporates Measure R projects. The 2009 LRTP identified a \$297.6 billion countywide investment in the County’s transportation system through 2040, funded with more than 45 sources of federal, State and local funds. The 2009 LRTP is now the guiding policy behind funding decisions on subsequent transportation projects and programs in the County. Major capital projects and programs that are identified in the 2009 LRTP have priority for future programming of funds. While these projects and programs require further Board approval at various stages of their development, they are priorities for further planning, design, construction and the pursuit of additional funding.

Projected Debt. In May 2013, the Board approved an update to assumptions in the 2009 LRTP, including projections of debt financing by LACMTA of \$7.5 billion from Fiscal Year 2013 through Fiscal Year 2040, composed of a combination of Proposition A, Proposition C and Measure R-secured debt. Of the total projected amount of LACMTA debt issuance, approximately \$4.5 billion is estimated to be financed through Fiscal Year 2019. The actual amount and timing of any debt issuance depends on a number of factors including the actual scope, timing and cost of transportation projects, the ability to obtain funding from other sources and the amount of Proposition A, Proposition C and Measure R sales tax revenues available to fund the projects in the LRTP, and the actual amounts and timing of future debt issuance may be materially different from the estimate in the May 2013 update of the 2009 LRTP.

Short Range Transportation Plan. In July 2014, the Board approved the 2014 Short Range Transportation Plan (“2014 SRTP”), which identifies the ten-year plan through 2024, based on the long-term goals identified in the 2009 LRTP. The 2014 SRTP updates the assumptions about debt issuance and assumes approximately \$2.8 billion in new debt financing from Fiscal Year 2013 through Fiscal Year 2019, not including the TIFIA loans described below under “—Transit Projects.” The 2014 SRTP assumes the issuance of approximately \$1 billion in additional Proposition A Senior Bonds through Fiscal Year 2019.

Transit Projects. The May 2013 update of the 2009 LRTP included the Crenshaw/LAX Transit Corridor, the Regional Connector and the Westside Purple Line Subway Extension Section 1 as major transit projects currently planned to be under construction in the first decade of the LRTP. These are in addition to the Gold Line Foothill Extension and Phase 2 of the Exposition Project discussed above under “—Rail System—Gold Line Foothill Extension” and “—Exposition Light Rail Transit Project.”

The Crenshaw/LAX Transit Corridor Project is a north/south corridor that serves the cities of Los Angeles, Inglewood, Hawthorne and El Segundo as well as portions of unincorporated Los Angeles County. The alignment extends 8.5 miles, from the intersection of Crenshaw and Exposition Boulevards to a connection with the Metro Green Line at the Aviation/LAX Station. The total project budget is \$2.058 billion. The project has been approved to receive a \$545.9 million Transportation Infrastructure Finance & Innovation Act (“TIFIA”) loan, to be repaid from Measure R revenues, although LACMTA has not drawn any loan proceeds to date.

The Regional Connector is a 1.9 mile light rail line with three underground stations in downtown Los Angeles. The Project will provide a direct connection from the 7th/Metro Center Station to the existing Metro Gold Line tracks to the north and east of 1st and Alameda. This connection will provide through service between the Metro Blue Line, Metro Gold Line and Metro Exposition Line corridors, enhancing regional connectivity. The total project budget is \$1.460 billion. LACMTA has been awarded a \$669.9 million Full Funding Grant Agreement in Federal New Starts funds for the Regional Connector project. LACMTA has been approved for a \$160 million TIFIA loan for the project, to be repaid from Measure R revenues, although LACMTA has not drawn any loan proceeds to date.

The Westside Purple Line Extension is an extension of the Purple Line from its current terminus at Wilshire and Western. The LACMTA Board has certified the Final Environmental Impact Report (FEIR) and has adopted the Project definition for the nine-mile Westside Subway Purple Line Extension Project. The Project currently is planned to be constructed in three sections. Section 1 is planned to extend 3.92 miles from the existing Wilshire/Western Station to a terminus station at the intersection of Wilshire/La Cienega. The total project budget is \$2.86 billion for Section 1. LACMTA has been awarded a \$1.25 billion Full Funding Grant Agreement in Federal New Starts funds for the Westside Subway Extension Section 1 project and was approved for a TIFIA loan for \$856 million to be repaid from Measure R revenues, although LACMTA has not drawn any loan proceeds to date.

LABOR RELATIONS

General

As of October 1, 2014, LACMTA had approximately 9,507 employees, of which approximately 87% are covered by labor agreements. Full and part-time LACMTA bus and train operators are represented by the United Transportation Union (“UTU”); LACMTA mechanics and service attendants are members of the Amalgamated Transit Union (“ATU”); LACMTA clerks are members of the Transportation Communications Union (“TCU”); bus and rail transportation and maintenance supervisors are members of the American Federation of State County and Municipal Employees (“AFSCME”); and LACMTA security guards are members of the Teamsters Union. The following table summarizes the number of employees covered by, and the expiration dates of, the labor agreements of LACMTA with each of its employee bargaining units as of October 1, 2014.

<u>Employee Bargaining Unit</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
United Transportation Union	4,428	06/30/17
Amalgamated Transit Union	2,270	06/30/17
Transportation Communications Union	839	06/30/17
Am. Fed. of State, County and Municipal Employees	680	06/30/14
Teamsters Union	79	06/30/14

LACMTA is currently in discussions with AFSCME and the Teamsters Union.

Since September 16, 2000, LACMTA has suffered two major work stoppages. In September 2000, members of UTU went on strike and many members of TCU, ATU and AFSCME honored the picket lines, and in October 2003, members of ATU went on strike and many members of UTU, TCU and AFSCME honored the picket lines. During both strikes LACMTA was able to provide substitute service on a limited basis through contracted services and other operators. The strike in 2000 lasted 32 days and the strike in 2003 lasted 35 days.

Defined Benefit Pension Plan

LACMTA has a single-employer public employee retirement system that includes five defined benefit plans (the “Plans”) that cover substantially all employees (except PTSC employees) and provides retirement, disability, and death benefits. The benefit provisions and all other requirements are established by State statute, ordinance, collective bargaining agreements or Board actions. Four of the Plans are restricted to specific union members, while the fifth provides benefits to non-represented employees and to members of the Teamsters Union. In addition, LACMTA provides pension benefits to most PTSC employees through a defined benefit plan administered by the California Public Employees’ Retirement System (“PERS”), a multiple-employer pension system. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. For a description of these defined benefit plans and LACMTA’s obligations to make contributions to these plans, see “Note III—DETAILED NOTES ON ALL FUNDS—J. Pensions” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

Other Post-Employment Benefits

LACMTA provides post-employment health care and life insurance benefits for retired employees and their families. Pursuant to Governmental Accounting Standards Board Pronouncement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB),” LACMTA is required to account for its expenses and a portion of the present value of future expenses related to these benefits. For a description of these benefits, LACMTA’s obligations to account for certain projected future costs of these benefits and other matters regarding these benefits, see “Note III—DETAILED NOTES ON ALL FUNDS—J. Other Postemployment Benefits (OPEB)” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

OUTSTANDING DEBT

General

In addition to obligations issued by LACMTA that are secured by Proposition A Sales Tax, LACMTA has issued debt secured by the Proposition C Sales Tax, the Measure R Sales Tax, and other revenues of LACMTA, and may issue additional obligations so secured upon satisfaction of certain additional bonds tests in the applicable indentures governing such debt. See “FUTURE TRANSPORTATION IMPROVEMENTS—Long Range Transportation Plan” above. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014-A BONDS” in the front part of this Official Statement for a discussion of obligations secured by the Proposition A Sales Tax.

Debt and Interest Rate Swap Policies

In February 2014, the Board approved an updated Debt Policy for LACMTA (the “Debt Policy”). The Debt Policy sets forth guidelines for the issuance and management of LACMTA’s debt. Among other things, the Debt Policy sets forth allowable uses of debt and debt policy maximums. It requires LACMTA to develop a capital improvement plan which includes the capital projects LACMTA plans to undertake in future years. The Debt Policy also sets forth guidance on the type of debt that may be incurred by LACMTA (e.g., long-term versus short-term), the source of payment for such debt, and other factors to be considered when incurring debt.

In February 2014, the Board approved an updated Interest Rate Swap Policy for LACMTA (the “Swap Policy”). The Swap Policy includes guidelines to be used by LACMTA when entering into interest rate swaps and management practices that address the special risks associated with interest rate swaps. The Swap Policy requires that LACMTA evaluate the risks, on an ongoing basis, of existing interest rate swaps.

Proposition C Sales Tax Obligations

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

Proposition C Senior Sales Tax Revenue Bonds. LACMTA had the following Proposition C Senior Sales Tax Revenue Bonds outstanding as of October 1, 2014:

Los Angeles County Metropolitan Transportation Authority Proposition C Senior Sales Tax Revenue Bonds (Outstanding as of October 1, 2014)

<u>Proposition C Senior Sales Tax Revenue Bonds</u>	<u>Principal Amount</u>
Senior Sales Tax Revenue Refunding Bonds, Series 2014-A	\$ 61,180,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-A	127,890,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-B	309,760,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-C	63,785,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-A	14,635,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-B	74,885,000
Senior Sales Tax Revenue Refunding Bonds, Series 2010-A	37,150,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-B	195,125,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-D	66,115,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-E	96,690,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-A	70,405,000
Senior Sales Tax Revenue Refunding Bonds, Series 2006-A	<u>117,900,000</u>
Total	<u>\$1,235,520,000</u>

Source: LACMTA.

Proposition C Senior Parity Debt. LACMTA may designate as Proposition C Senior Parity Debt certain indebtedness, installment sale obligations, lease obligations or other obligations for borrowed money, or payment obligations under interest swaps or other arrangements payable on parity with the Proposition C Senior Sales Tax Revenue Bonds. LACMTA currently has no Proposition C Senior Parity Debt outstanding. LACMTA may incur Proposition C Senior Parity Debt upon the satisfaction of certain additional bonds tests.

Proposition C Subordinate Lien Obligations. On June 9, 1993, LACMTA received authorization to issue and have outstanding, at any one time, up to \$150,000,000 (principal of and interest thereon) of commercial paper notes (the “Proposition C Commercial Paper Notes”) payable from and secured by Proposition C Sales Tax revenues. The Proposition C Commercial Paper Notes are payable from Proposition C Sales Tax revenue on a basis subordinate to the lien on Proposition C Sales Tax revenues granted to the Proposition C Senior Sales Tax Revenue Bonds and the Proposition C Senior Parity Debt. As of October 1, 2014, the Proposition C Commercial Paper Notes were outstanding with a maturity value of \$20,399,000. The Proposition C Commercial Paper Notes are supported by a letter of credit (the “Proposition C CP Letter of Credit”) issued by State Street Bank and Trust Company. LACMTA’s reimbursement obligations with respect to the Proposition C CP Letter of Credit are payable from Proposition C Sales Tax revenues on a parity with the Proposition C Commercial Paper Notes.

In addition, LACMTA is authorized to issue and have outstanding, from time to time, up to \$75,000,000 in aggregate principal amount of its Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the “Proposition C Revolving Obligations”), which are payable from Proposition C Sales Tax revenues on a parity with the Proposition C Commercial Paper Notes and which are considered part of the \$150,000,000 authorization for Proposition C Commercial Paper. As of October 1, 2014, LACMTA has \$45,000,000 Proposition C Revolving Obligations outstanding. All Proposition C Revolving Obligations issued by LACMTA are purchased by the Wells Fargo Bank, National Association, in accordance with the terms of a revolving credit agreement (the “Proposition C

Revolving Credit Agreement”). The Proposition C Revolving Obligations bear interest at variable rates determined pursuant to the terms of the Proposition C Revolving Credit Agreement. Except as otherwise provided in the Proposition C Revolving Credit Agreement, the principal of all Proposition C Revolving Obligations outstanding are due and payable on April 22, 2016. However, subject to the terms of the Proposition C Revolving Credit Agreement, on April 22, 2016, LACMTA can convert any outstanding Proposition C Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following April 22, 2016.

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

Proposition C CP Letter of Credit		Proposition C Revolving Obligations	
Letter of Credit Provider	State Street Bank and Trust Company	Revolving Obligations Bank	Wells Fargo Bank, National Association
Principal Amount	\$68,885,000	Principal Amount	\$75,000,000
Expiration Date	April 22, 2016	Expiration Date	April 22, 2016 ¹

¹ Plus \$6,114,724 of interest.

Source: LACMTA.

¹ Can be converted to term loan payable in twelve equal quarterly installments.

Measure R

On November 16, 2010, LACMTA issued \$732,410,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2010-A and Series 2010-B (the “Measure R Bonds”) to finance certain transportation projects. These bonds are payable from the Measure R Sales Tax. As of October 1, 2014, there was \$686,050,000 aggregate principal amount of the Measure R Bonds outstanding. LACMTA may incur additional debt secured by and payable from the Measure R Sales Tax. LACMTA has received approval for three TIFIA loans (though it has not drawn any loan proceeds to date), to be repaid from Measure R revenues. All three TIFIA loans are subordinate to the Measure R Bonds. See “FUTURE TRANSPORTATION IMPROVEMENTS—Long Range Transportation Plan—Transit Projects” for additional information on the TIFIA loans.

Lease/Leaseback and Lease-to-Service Obligations

From January 1997 through July 2003, LACMTA entered into ten “defeased lease/leaseback” leveraged lease agreements for assets including heavy rail vehicles, buses, light rail vehicles, and various real property operating facilities. Under these agreements, LACMTA entered into a head lease as lessor with an investor and simultaneously into a sublease agreement as lessee to lease the assets back. LACMTA received upfront rent prepayments which were invested in fixed income investments in an amount that, including interest income, would be sufficient to fund all scheduled sublease payments through exercise of an early buyout option. LACMTA has realized \$64.7 million in net benefit after funding of fixed income investments and payment of transaction expenses.

American International Group Inc. or its affiliates (“AIG”) provided a fixed income investment product known as a “payment undertaking agreement” (“PUA”) that was used in eight of the lease/leaseback transactions in order to invest the proceeds to fund all the scheduled rent payments and early buy-out option payments. In addition, LACMTA obtained credit enhancement from AIG and Assured Guaranty Municipal Corp. (as successor to Financial Security Assurance Inc.) (“AGM”) for several of the transactions. As a result of declines in AIG’s and AGM’s credit ratings, LACMTA was contractually obligated to replace the PUAs or provide credit enhancement for eight transactions. The remaining two were unaffected.

LACMTA has terminated two of the eight affected leases and has entered into collateral posting agreements for four others. Issues remain with two of the affected leases and LACMTA is discussing potential solutions with the applicable lessors. Failure to reach a solution with respect to the two remaining affected transactions could result in early termination of the transactions and could require LACMTA to pay up to \$41.98 million, plus legal costs.

See “Note III—DETAILED NOTES ON ALL FUNDS—M. Long-term Debt—Lease/leaseback and Lease-to-service Obligations” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

INVESTMENT POLICY

General

Certain features of LACMTA’s Investment Policy are summarized in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

Investment Balances

As of September 30, 2014 (based on unaudited financial information), LACMTA had approximately \$825.4 million in market value deposited in non-discretionary bond proceeds and debt service trust accounts, primarily invested in U.S. Treasury securities, Federal Agencies, money market funds, forward purchase agreements and the County of Los Angeles Pooled Surplus Investments maintained by the County of Los Angeles Treasurer and Tax Collector. LACMTA had an additional approximately \$1.701 billion in non-discretionary trust accounts, primarily for pension and OPEB.

As of September 30, 2014, LACMTA also had approximately \$1.89 billion in book value deposited in discretionary (operating) accounts. Such discretionary investments are summarized below:

Investments	Percentage of Total Book Value as of June 30, 2014
Local Agency Investment Fund	5.3%
Bank Deposits	2.5
Managed Investments	
U.S. Treasuries	25.9
Federal Agencies	24.5
Corporate Notes	16.4
Commercial Paper	9.4
Municipal Securities	2.3
Money Market Funds	8.6
Asset Backed Securities	5.2
Sub Total Managed Investments	92.2
 Total Cash and Investments*	 100.0%

* Numbers may not add due to rounding.

Source: LACMTA.

As of September 30, 2014, the liquid reserve of the discretionary accounts, which totaled approximately \$539 million in both book value and market value, was managed internally by LACMTA and had an average maturity of 36 days. LACMTA’s Investment Policy prohibits investing in reverse repurchase agreements.

Additional information regarding LACMTA’s investments are included in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

LITIGATION AND OTHER REGULATORY ACTIONS

Sales Tax Litigation

On April 30, 1982, the California Supreme Court, in *Los Angeles County Transportation Commission v. Richmond*, upheld the constitutionality of the Proposition A Sales Tax. On March 3, 1992, the California Court of Appeal, in *Vernon v. State Board of Equalization*, upheld the validity of the Proposition C Sales Tax. On September 28, 1995, the California Supreme Court affirmed the California Court of Appeal's ruling in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a half cent sales tax by the Santa Clara County Local Transportation Authority. LACMTA does not believe such decision has any effect on the validity of LACMTA's Proposition A Sales Tax.

Construction Litigation

Tutor-Saliba-Perini ("TSP"), a joint venture construction company, filed suit against LACMTA claiming extra charges under certain Metro Red Line Segment 2 contracts. LACMTA cross-complained for violation of the California False Claims Act and for breaches of contract. The trial on the complaint and cross-complaint concluded in August 2001, with a judgment for LACMTA, which judgment was reversed in January 2005. After retrying portions of this case, certain rulings, including a jury verdict in favor of LACMTA on one of its cross-claims, and a final judgment in the case were entered and appeals were filed. In June 2014, the appellate court issued an opinion which upheld the jury verdict in favor of LACMTA. The opinion remanded the sureties' request for attorneys' fees from LACMTA to the trial court. The decision of the appellate court is final. LACMTA does not believe the outcome of the litigation will have a material adverse impact on its ability to pay debt service on any of its obligations.

Kiewit Infrastructure West Co., f/k/a Kiewit Pacific Company, a Delaware corporation, in connection with a design/build contract for the I-405 Sepulveda Pass Widening Project, claims damages in the \$300 million to \$400 million range. LACMTA has rejected the claim and Kiewit has filed a complaint for declaratory relief, anticipatory breach of the dispute resolution and DRB (Disputes Review Board) process, breach of contract and breach of implied covenant of good faith and fair dealing. The case is pending and no trial date has been set.

Other Litigation

In addition to the matters herein discussed, various other claims have been asserted against LACMTA. In the opinion of LACMTA, none of the pending claims will materially and adversely affect LACMTA's ability to pay the principal of and interest on any of its obligations.

[THIS PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX B

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FINANCIAL
STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

[THIS PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX C

LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

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

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

Los Angeles County

With a population of over 10 million in 2014, the County is the largest in the country, and represents over a quarter of the State of California's population. The County covers 4,084 square miles, and includes 88 incorporated cities as well as unincorporated communities with over one million residents.

Population

The table below summarizes the populations of the County and State of California (the "State"), estimated as of January 1 of each year. The population estimates for 2005 and later incorporate 2010 Census counts as the benchmark and, as a result, are noticeably lower than previously published estimates.

Table 1
COUNTY AND STATE POPULATION STATISTICS

	<u>County of Los Angeles</u>	<u>Annual Growth Rate⁽¹⁾</u>	<u>State of California</u>	<u>Annual Growth Rate⁽¹⁾</u>
1980	7,477,421	-	23,667,836	-
1985	8,121,000	1.67%	26,113,000	1.99%
1990	8,832,500	1.69	29,558,000	2.31
1995	9,103,896	0.61	31,617,770	1.36
2000	9,477,651	0.81	33,721,583	1.30
2005	9,816,153	0.70	35,869,173	1.24
2010	9,818,605	0.00	37,253,956	0.76
2011	9,847,712	0.30	37,427,946	0.47
2012	9,889,520	0.42	37,668,804	0.64
2013	9,963,811	0.75	37,984,138	0.84
2014	10,041,797	0.78	38,340,074	0.94

⁽¹⁾ For five-year time series, figures represent average annual growth rate for each of the five years.

Source: State of California, Department of Finance, Report 84 E-4 Population Estimates for California Counties and Cities, January 1, 1976 through January 1, 1980; Report 90 E-4 Population Estimates for California State and Counties January 1, 1981 to January 1, 1990; E-4 Historical Population Estimates for City, County and the State, 1991-2000, with 1990 and 2000 Census Counts. E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts. September 2011. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark. Sacramento, California, May 2014. State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2013 and 2014. Sacramento, California, May 2014.

Industry and Employment

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

The California Employment Development Department has reported preliminary unemployment figures for April 2014 of 7.3% statewide and 7.6% for Los Angeles County (not seasonally adjusted).

Civilian Labor Force	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
County of Los Angeles					
Employed	4,339,300	4,298,500	4,331,500	4,365,800	4,470,700
Unemployed	568,300	617,900	604,900	535,500	489,600
Total	4,907,600	4,916,300	4,936,400	4,901,300	4,960,300
Unemployment Rates					
County	11.6%	12.6%	12.3%	10.9%	9.9%
State	11.3	12.4	11.8	10.4	8.5
United States	9.3	9.6	8.9	8.1	7.4

⁽¹⁾ March 2013 Benchmark report; not seasonally adjusted.

Source: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S. Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in Table 3. Items may not add to totals due to rounding.

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

The Trade, Transportation and Utilities sector was the largest employment sector in the County in 2013, employing 19.0% of wage and salary workers. Educational and Health Services, at 17.3%, was the second highest employment sector in the County, followed by Professional and Business Services, which employed 14.3% of wage and salary workers.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 3
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE⁽¹⁾

	County				State of California	
	<u>2000</u>	% of <u>Total</u>	<u>2013</u>	% of <u>Total</u>	<u>2013</u>	% of <u>Total</u>
Agricultural	7,700	0.2%	5,500	0.1%	411,400	2.6%
Natural Resources and Mining	3,400	0.1	4,600	0.1	30,600	0.2
Construction	131,700	3.2	116,500	2.8	636,200	4.1
Manufacturing	612,200	15.0	366,500	8.9	1,250,900	8.0
Trade, Transportation and Utilities	786,000	19.3	780,700	19.0	2,802,500	18.0
Information	243,700	6.0	197,300	4.8	450,400	2.9
Financial Activities	222,800	5.5	211,800	5.1	782,300	5.0
Professional and Business Services	587,900	14.4	590,300	14.3	2,330,900	15.0
Educational and Health Services	418,500	10.3	713,400	17.3	2,307,100	14.8
Leisure and Hospitality	344,700	8.4	436,700	10.6	1,671,300	10.7
Other Services	140,000	3.4	145,500	3.5	515,200	3.3
Government	581,300	14.2	549,200	13.3	2,370,100	15.2
Total ⁽²⁾	4,079,800	100.0	4,118,000	100.0%	15,558,800	100.0%

⁽¹⁾ The California Economic Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

⁽²⁾ Total may not equal sum of parts due to independent rounding.

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

Source: California Employment Development Department, Labor Market Information Division. Based on March 2013 Benchmark report released April 18, 2014.

Personal Income

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The following table summarizes the latest available estimate of personal income for the County, State and United States.

Table 4
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	Personal Income ⁽¹⁾ (thousands of dollars)	Per Capita Personal Income ⁽¹⁾ (dollars)
2009	\$ 394,935,230	\$ 40,351
County	1,536,429,610	41,569
State	12,073,738,000	39,357
United States		
2010	\$ 403,962,065	\$ 41,113
County	1,579,148,473	42,297
State	12,423,332,000	40,163
United States		
2011	\$ 424,763,231	\$ 42,953
County	1,683,203,700	44,666
State	13,179,561,000	42,298
United States		
2012	\$ 443,088,010	\$ 44,474
County	1,768,039,281	46,477
State ⁽²⁾	13,729,063,000	43,735
United States ⁽²⁾		
2013	N/A	N/A
County	\$ 1,817,010,000	\$ 47,401
State ⁽²⁾	\$14,081,242,000	44,543
United States ⁽²⁾		

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Per capita personal income is total personal income divided by total midyear population. Last updated: May 12, 2014; new estimates for 2013.

⁽²⁾ Last updated: May 12, 2014.

⁽³⁾ Last updated: May 12, 2014.

Source: U.S. Bureau of Economic Analysis, "Table SA1-3 Local Areas Personal Income and Employment," (accessed May 12, 2014). U.S. Bureau of Economic Analysis, "Table SA1-3 Annual State Personal Income and Employment," (accessed May 12, 2014).

Retail Sales

The following table sets forth a history of taxable sales for the County for calendar years 2008 through 2012, 2012 being the last full year for which data is currently available.

Table 5
COUNTY OF LOS ANGELES
TAXABLE SALES⁽¹⁾
(in thousands)

	2008	2009	2010	2011	2012
Motor Vehicle and Parts Dealers	\$ 13,282,539	\$ 10,801,444	\$ 11,285,457	\$ 12,686,384	\$ 14,479,392
Furniture and Home Furnishings Stores	4,482,776	2,058,460	2,158,334	2,321,830	2,441,922
Electronics and Appliance Stores		3,406,513	3,454,412	3,416,744	3,570,668
Bldg, Materials & Garden Equipment & Supplies	6,388,930	5,754,600	6,129,586	6,306,814	6,510,966
Food and Beverage Stores	4,921,329	5,410,953	5,405,254	5,591,250	5,824,815
Health and Personal Care Stores		2,735,112	2,773,004	2,998,946	3,163,312
Gasoline Stations	13,437,380	9,629,797	11,012,642	13,394,467	14,037,507
Clothing and Clothing Accessories Stores	6,290,994	7,145,713	7,607,711	8,356,612	9,166,549
Sporting Goods, Hobby, Book, and Music Stores		2,434,950	2,448,246	2,478,020	2,454,806
General Merchandise Stores	12,861,677	10,059,028	10,369,383	10,866,531	11,157,997
Miscellaneous Store Retailers		4,319,761	4,449,560	4,649,598	4,798,211
Other Retail Stores	13,537,617	-	-	-	-
Nonstore Retailers		810,972	790,565	897,596	1,200,322
Food Services and Drinking Places	<u>14,607,067</u>	<u>13,876,812</u>	<u>14,291,264</u>	<u>15,286,655</u>	<u>16,512,136</u>
Total Retail and Food Services		78,444,115	82,175,416	89,251,447	95,318,603
All other outlets ⁽²⁾	<u>36,874,784</u>	<u>34,300,613</u>	<u>34,766,918</u>	<u>37,189,291</u>	<u>39,976,979</u>
TOTAL ALL OUTLETS ⁽³⁾	\$131,881,744	\$112,744,727	\$116,942,334	\$126,440,737	\$135,295,582

⁽¹⁾ In early 2007 the Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes. The Board reports that his process is now complete; over one million permit holders were converted from the previous business coding system to the NAICS codes. Beginning in 2009, their reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 are not comparable to that of prior years.

⁽²⁾ Primarily manufacturing and wholesale businesses.

⁽³⁾ Items may not add to totals due to rounding.

Source: California State Board of Equalization, Research and Statistics Division.

APPENDIX D
SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS

APPENDIX E

FORM OF BOND COUNSEL APPROVING OPINION

_____, 2014

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Los Angeles County Metropolitan Transportation Authority (the “Authority”) in connection with the issuance of its \$[PAR] Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2014-A (the “Series 2014-A Bonds”) pursuant to the terms of the Agreement (as defined herein). The Authority covenants and agrees as follows:

Section 1. Definitions.

“*Agreement*” means, collectively, the Trust Agreement, dated as of July 1, 1986, as amended and supplemented, by and between the Authority (as successor to the Los Angeles County Transportation Commission) and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as successor in interest to Wells Fargo Bank, N.A., successor by merger to First Interstate Bank of California), as trustee (the “Trustee”), and the Thirty-Fifth Supplemental Trust Agreement, dated as of [December 1, 2014], by and between the Authority and the Trustee.

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

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

“*Holder*” means any registered owner of Series 2014-A Bonds and any beneficial owner of Series 2014-A Bonds within the meaning of Rule 13d 3 under the Securities Exchange Act of 1934, as amended.

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

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

“*Official Statement*” means the Official Statement, dated _____, prepared and distributed in connection with the initial sale of the Series 2014-A Bonds.

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

Section 2. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority pursuant to Rule 15c2 12 for the benefit of the Holders of the Series 2014-A Bonds in order to assist the participating underwriters in complying with Rule 15c2 12.

Section 3. Provision of Annual Information.

(a) The Authority shall, not later than 195 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year 2014, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, the Annual Information relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided that any audited financial statements may be submitted separately from the balance of the Annual Information and later than the date required above for the filing of the Annual Information if they are not available by that date. If the Fiscal Year for the Authority changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

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

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

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

(b) updated historical information of the type set forth in "TABLE 4—Historical Net Proposition A Sales Tax Revenues, Local Allocations, and Pledged Revenues" of the Official Statement; and

(c) updated information of the type set forth in "TABLE 12—Los Angeles County Metropolitan Transportation Authority, Combined Debt Service Schedule First Tier Senior Lien Bonds" of the Official Statement, but only the information in the columns under the heading "Series 2014-A Bonds Debt Service" and the information under the column entitled "Combined Total Debt Service First Tier Senior Lien Bonds" and only to the extent the information in these columns has changed.

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

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014-A Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Series 2014-A Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2014-A Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for

an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014-A Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2014-A Bonds or other material events affecting the tax status of the Series 2014-A Bonds;
2. Modifications to rights of the Owners of the Series 2014-A Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2014-A Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

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

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

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2014-A Bonds pursuant to the Agreement.

Section 6. Remedies. If the Authority shall fail to comply with any provision of this Certificate, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding in law or in equity, this Certificate against the Authority and any of the officers, agents and employees of the Authority, and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Certificate; provided that the sole and exclusive remedy for breach of this Certificate shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall

be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 4 or 5 hereof may be brought only by the Holders of 25% in aggregate principal amount of the Series 2014-A Bonds at the time outstanding. A failure by the Authority to comply with the provisions of this Certificate shall not constitute an Event of Default under the Agreement.

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

Section 8. Amendment. Without the consent of any Holders of Series 2014-A Bonds, the Authority at any time and from time to time may enter into any amendments or changes to this Certificate for any of the following purposes:

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

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

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

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

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (i) the certificate, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Series 2014-A Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances; and (ii) the amendment or change does not materially impair the interests of Holders, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of Holders of a majority in outstanding principal amount of the Series 2014-A Bonds on or prior to the time of such amendment or change.

Section 9. Termination of Obligation. This Certificate shall remain in full force and effect until such time as all principal of and interest on the Series 2014-A Bonds shall have been paid in full or legally defeased pursuant to the Agreement. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Series 2014-A Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

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

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this ____ day of _____, 2014.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____

Name: _____

Title: _____

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption “—General” below has been provided by DTC. LACMTA makes no representations as to the accuracy or completeness of such information. Further, LACMTA undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “—General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The beneficial owners of the Series 2014-A Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER LACMTA NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2014-A BONDS UNDER THE AGREEMENT; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2014-A BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE SERIES 2014-A BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2014-A BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2014-A Bonds. The Series 2014-A Bonds will be issued as full-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One full-registered Series 2014-A Bond certificate will be issued for each maturity of the Series 2014-A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated by reference herein.

Purchases of the Series 2014-A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014-A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014-A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014-A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2014-A Bonds, except in the event that use of the book-entry system for the Series 2014-A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014-A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2014-A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014-A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014-A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Series 2014-A Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2014-A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2014-A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to LACMTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014-A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Series 2014-A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from LACMTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, LACMTA, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of LACMTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2014-A Bonds at any time by giving reasonable notice to LACMTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2014-A Bond certificates are required to be printed and delivered.

LACMTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). DTC's procedures provide that upon receipt of a withdrawal request from an issuer, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests

submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer. In that event, Series 2014-A Bond certificates will be printed and delivered to DTC.

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

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2014-A BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

In the event that the book-entry-only system is discontinued, payments of principal of and interest on the Series 2014-A Bonds will be payable as described in the front part of this Official Statement under the caption "DESCRIPTION OF THE SERIES 2014-A BONDS—General."