

**PRELIMINARY OFFICIAL STATEMENT DATED [\_\_\_\_\_, 2020]**

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

[Insert DAC Bond Logo]

**RATINGS:** \_\_\_\_: “[\_\_]”  
 \_\_\_\_: “[\_\_]”  
 (See “RATINGS” herein)

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Series 2020 Bonds and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Series 2020 Bonds is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Series 2020 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2020 Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.*

[LACMTA Logo]	\$[_____] * <b>LOS ANGELES COUNTY METROPOLITAN                  TRANSPORTATION AUTHORITY</b> \$[_____] *	\$[_____] * <b>Measure R Junior Subordinate Sales Tax                  Revenue Refunding Bonds,                  Series 2020-A</b>	\$[_____] * <b>Measure R Junior Subordinate Sales Tax                  Revenue Refunding Bonds,                  Series 2020-B (Green Bonds)</b>
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**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is issuing its Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A (the “Series 2020-A Bonds”) and its Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-B (Green Bonds) (the “Series 2020-B Green Bonds”). The Series 2020-A Bonds and the Series 2020-B Green Bonds are collectively referred to herein as the “Series 2020 Bonds.” The Series 2020 Bonds are limited obligations of LACMTA payable solely from and secured by a lien on and pledge of the “Junior Subordinate Pledged Revenues,” and by other amounts held by the Trustee under the Trust Agreement, on parity with any other Junior Subordinate Bonds and Junior Subordinate Parity Obligations that may be issued in the future as described herein. The lien on and the pledge of Junior Subordinate Pledged Revenues that secures the Series 2020 Bonds constitutes a third lien on Pledged Revenues that is subordinate to the lien thereon securing Senior Obligations and Subordinate Obligations heretofore and hereafter issued or incurred by LACMTA. Pledged Revenues essentially consists of the receipts from the imposition in the County of Los Angeles for public transit purposes of a one-half cent retail transactions and use tax, less 15% thereof paid to local jurisdictions and certain administrative fees. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” and “MEASURE R SALES TAX AND COLLECTIONS” herein.

LACMTA will use the proceeds of the Series 2020 Bonds and other available funds to (a) repay and retire its obligations under some or all of the TIFIA Loan Agreements described herein; (b) finance the project costs in an amount equal to the aggregate undrawn amounts under the TIFIA Loan Agreements the obligations under which are repaid and retired; and (c) pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2020 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2020 Bonds. Individual purchases and sales of the Series 2020 Bonds may be made in book-entry form only. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.” The Series 2020 Bonds will mature in the principal amounts and will bear interest at the rates set forth on the inside front cover. LACMTA will pay interest on the Series 2020 Bonds on each June 1 and December 1, commencing on December 1, 2020.

Certain of the Series 2020 Bonds are subject to optional redemption prior to maturity as described in this Official Statement. See “DESCRIPTION OF THE SERIES 2020 BONDS—Redemption of Series 2020 Bonds.”

**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 Junior Subordinate Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement, is pledged to the payment of the principal of or interest on the Series 2020 Bonds. Other than Junior Subordinate Pledged Revenues and such other amounts held by the Trustee under the Trust 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 2020 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2020 Bonds.**

**Purchasers of the Series 2020 Bonds will be deemed to have consented to certain amendments to the Senior Trust Agreement (defined herein), as described under “INTRODUCTION—Documentation for Bonds; Proposed Amendments to the Senior Trust Agreement.”**

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of, or the security for, the Series 2020 Bonds. Investors are advised to read this Official Statement in its entirety to obtain

\* Preliminary, subject to change.

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

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

LACMTA is offering the Series 2020 Bonds when, as and if it issues the Series 2020 Bonds. The issuance of the Series 2020 Bonds is subject to the approval as to their validity by Norton Rose Fulbright US LLP, Bond Counsel to LACMTA. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA. Certain legal matters will be passed upon for the Underwriter[s] by their Counsel, [\_\_\_\_\_]. LACMTA anticipates that the Series 2020 Bonds will be available for delivery through the book-entry facilities of DTC on or about [\_\_\_\_\_, 2020].\*

**[Add Underwriters]**

Date of Official Statement: \_\_\_\_\_, 2020

**MATURITY SCHEDULE**

\$\_[\_\_\_\_\_]\*

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
MEASURE R JUNIOR SUBORDINATE SALES TAX REVENUE REFUNDING BONDS,  
SERIES 2020-A**

<u>Maturity Date (June 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† No.</u>
	\$				

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with LACMTA and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2020-A Bonds. LACMTA does not take any responsibility for the accuracy of the CUSIP numbers provided herein.

\$[\_\_\_\_\_] \*  
**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**  
**MEASURE R JUNIOR SUBORDINATE SALES TAX REVENUE REFUNDING BONDS,**  
**SERIES 2020-B (GREEN BONDS)**

<b>Maturity Date (June 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP† No.</b>
	\$				

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\* Preliminary, subject to change.

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**[INSERT MAP OF LACMTA SYSTEM]**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

**Board Members**

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

**LACMTA Officers**

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

**LACMTA General Counsel**

Office of the County Counsel  
Los Angeles, California

**MUNICIPAL ADVISOR**

Montague DeRose and Associates, LLC  
Westlake Village, California

**BOND COUNSEL**

Norton Rose Fulbright US LLP  
Los Angeles, California

**DISCLOSURE COUNSEL**

Nixon Peabody LLP

**TRUSTEE**

U.S. Bank National Association  
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 2020 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 2020 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 2020 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 Underwriter[s] have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion in this Official Statement are subject to change without notice, and the delivery of this Official Statement and any sale made pursuant to this Official Statement do not, under any circumstances, imply that the information and expressions of opinion in this Official Statement and other information regarding LACMTA have not changed since the date hereof. LACMTA is circulating this Official Statement in connection with the sale of the Series 2020 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 2020 Bonds, including the merits and risks involved. The Series 2020 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 2020 Bonds or the accuracy or completeness of this Official Statement. The Series 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

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

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**OFFICIAL STATEMENT**

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

\$[_____]* <b>Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A</b>	\$[_____]* <b>Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-B (Green Bonds)</b>
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**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices hereto, sets forth information in connection with the offering by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) of \$[\_\_\_\_\_]\* aggregate principal amount of its Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A (the “Series 2020-A Bonds”) and \$[\_\_\_\_\_]\* aggregate principal amount of its Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020B (Green Bonds)(the “Series 2020-B Green Bonds”). The Series 2020-A Bonds and the Series 2020-B Green Bonds are collectively referred to herein as the “Series 2020 Bonds.” This Introduction is qualified by the more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. Prospective investors should review this entire Official Statement, including the cover page and appendices, before they make an investment decision to purchase the Series 2020 Bonds. LACMTA is only offering the Series 2020 Bonds to potential investors by means of this entire Official Statement. Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

**LACMTA**

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the District and the Commission, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. LACMTA 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. Pursuant to such authorization, on July 24, 2008, LACMTA adopted its Ordinance No. 08-01, the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the California State Board of Equalization (the “Measure R Ordinance”), which provides for the levy of a Countywide retail and transactions and use tax of one-half of 1% for transportation purposes, known as the “Measure R Sales Tax.” The functions of the State Board of Equalization are now performed by the California Department of Tax and Fee Administration (“CDTFA”).

At an election held on November 4, 2008, more than two-thirds of the electors of the County voting on the issue approved the Measure R Sales Tax. Collection of the Measure R Sales Tax commenced on

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\* Preliminary, subject to change.

July 1, 2009 and terminates on June 30, 2039. For more information regarding the Measure R Sales Tax, see “MEASURE R SALES TAX AND COLLECTIONS—The Measure R Sales Tax.”

For further discussion of LACMTA, its other sources of revenues, the services it provides and the projects it is undertaking, see “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY.” The information provided in APPENDIX A is intended as general information only. The Series 2020 Bonds are limited obligations of LACMTA payable from Pledged Revenues, which consist primarily of proceeds of the Measure R Sales Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS.” For certain economic and demographic data about the County, see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

### **Purpose of the Series 2020 Bonds**

LACMTA will use the proceeds of the Series 2020 Bonds, together with other available funds, to (a) repay and retire its obligations under some or all of the TIFIA Loan Agreements described under “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding” (those TIFIA Loan Agreements so refunded shall be referred to herein as the “Refunded TIFIA Loan Agreements”), (b) finance the project costs in an amount equal to the aggregate undrawn amounts under the Refunded TIFIA Loan Agreements, and (c) pay the costs of issuance of the Series 2020 Bonds. For a more detailed description of LACMTA’s proposed use of the proceeds from the issuance of the Series 2020 Bonds, see “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS.”

### **Description of the Series 2020 Bonds**

The Series 2020 Bonds are limited obligations of LACMTA and will be secured under the Measure R Sales Tax flow of funds, as set forth in the Second Amended and Restated Trust Agreement, to be dated as of May 1, 2020 (the “Senior Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee thereunder (the “Senior Trustee”). The Series 2020 Bonds are expected to be issued pursuant to, and secured under the Junior Subordinate Trust Agreement, to be dated as of May 1, 2020 (the “Junior Subordinate Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee thereunder (the “Trustee”), and the First Supplemental Junior Subordinate Trust Agreement, to be dated as of May 1, 2020 (the “First Supplemental Agreement,” and together with the Junior Subordinate Trust Agreement, the “Trust Agreement”), by and between LACMTA and the Trustee; provided, however, if less than all of the Primary TIFIA Loan Agreements (as defined under “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding.”) are repaid with the proceeds of the Series 2020 Bonds, then the Series 2020 Bonds will be issued pursuant to the existing Amended and Restated Trust Agreement, dated as of February 1, 2014, as amended and supplemented, by and between LACMTA and the Senior Trustee, including as supplemented by the Sixth Supplemental Trust Agreement, to be dated as of May 1, 2020, by and between LACMTA and the Senior Trustee (collectively, the “Alternative Agreement”) See “—Documentation for Bonds; Proposed Amendments to the Senior Trust Agreement” below and “APPENDIX H—PROPOSED AMENDMENTS TO SENIOR TRUST AGREEMENT.”

The Series 2020 Bonds will be issued in registered form, in denominations of \$5,000 or any integral multiple thereof. The Series 2020 Bonds will be dated their initial date of delivery and will mature on the dates and in the principal amounts and will bear interest at the rates per annum as shown on the inside cover page hereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2020 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 2020 Bonds. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

### **Security and Sources of Payment for the Series 2020 Bonds**

The Series 2020 Bonds are limited obligations of LACMTA payable solely from and secured by a pledge of Junior Subordinate Pledged Revenues. Junior Subordinate Pledged Revenues essentially consist of all Pledged Tax Revenues, deposited in the Junior Subordinate Obligation Fund established under the Senior Trust Agreement after making all deposits and payments due on the Senior Obligations, Subordinate Obligations, and Senior Fees and Expenses under the Senior Trust Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Flow of Funds.” “Pledged Tax Revenues” means the amounts collected on account of the Measure R Sales Tax, less any refunds and the administrative fee paid to CDTFA in connection with the collection and disbursement of the Measure R Sales Tax, and less 15% thereof which constitutes the Local Return allocated to local jurisdictions within the County pursuant to the Measure R Ordinance. See “MEASURE R SALES TAX AND COLLECTIONS.”

The Series 2020 Bonds are payable and secured by a lien on and pledge of Junior Subordinate Pledged Revenues and on parity with other Junior Subordinate Obligations heretofore or hereinafter issued or incurred by LACMTA as described herein. In addition, the Series 2020 Bonds are secured by all other amounts held by the Trustee under the Trust Agreement (except for amounts held in certain funds established under either the Trust Agreement or the Alternative Agreement, as applicable). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” and “MEASURE R SALES TAX AND COLLECTIONS.”

### **Measure R Sales Tax Obligations**

The Senior Trust Agreement contemplates that LACMTA may issue three priority levels of obligations secured by a pledge of the Pledged Revenues.

Pursuant to the Senior Trust Agreement, LACMTA may issue bonds (“Senior Bonds”) and incur debt and other obligations payable on parity with the Senior Bonds (the “Senior Parity Obligations,” and together with the Senior Bonds, the “Senior Obligations”) payable and secured by a senior lien on Pledged Revenues. LACMTA may also incur debt and other obligations (the “Subordinate Obligations”) pursuant to a Subordinate Trust Agreement, dated as of November 1, 2015 (as amended, the “Subordinate Trust Agreement”) which are payable from and secured by a lien and charge on Pledged Revenues which is subordinate to the lien and charge on Pledged Revenues that secures the Senior Obligations and senior to the lien and charge on Pledged Revenues that secures the Junior Subordinate Obligations. Lastly, LACMTA may issue bonds (the “Junior Subordinate Bonds”) and incur debt and other obligations payable on a parity with Junior Subordinate Bonds (the “Junior Subordinate Parity Obligations”) which are secured by a lien and charge on Pledged Revenues that is subordinate to the liens and charges on Pledged Revenues that secure Senior Obligations, the Subordinate Obligations, and the Senior Fees and Expenses. The Series 2020 Bonds, the existing Junior Subordinate Obligations and all future Junior Subordinate Bonds and Junior Subordinate Parity Obligation are collectively referred to herein as the “Junior Subordinate Obligations.” The Series 2020 Bonds are Junior Subordinate Bonds and are payable from Junior Subordinate Pledged Revenues on a parity with all other Junior Subordinate Obligations heretofore and hereafter issued or incurred by LACMTA. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Measure R Sales Tax Obligations.”

As of March 1, 2020, LACMTA had (i) Senior Obligations (consisting solely of Senior Bonds) outstanding in the aggregate principal amount of \$1,080,070,000; (ii) Subordinate Obligations outstanding in the aggregate principal amount of \$106,022,743 with the ability to borrow up to a total of \$300,000,000

outstanding at any single time under the agreements pursuant to which the Subordinate Obligations are issued as described under “MEASURE R SALES TAX OBLIGATIONS—Subordinate Obligations”; and (iii) Junior Subordinate Obligations outstanding in the aggregate principal amount of \$1,128,855,260 (consisting of the Primary TIFIA Loan Agreements and including accrued interest that has been added to the outstanding principal amount in accordance with the terms of the loan documents that may be repaid with the proceeds of the Series 2020-A Bonds), with the ability to borrow an additional \$231,499,454 under the Primary TIFIA Loan Agreements. In addition, LACMTA has incurred other obligations which are secured by the Measure R Sales Tax revenues that remain after the payment of Senior Obligations, Subordinate Obligations, Senior Fees and Expenses and Junior Subordinate Obligations. As of March 1, 2020, LACMTA had other obligations outstanding in the aggregate principal amount of \$600,885,244 (consisting of the Secondary TIFIA Loan Agreement and including accrued interest that has been added to the outstanding principal amount in accordance with the terms of the loan documents that may be repaid with the proceeds of the Series 2020-B Bonds.) See “MEASURE R SALES TAX OBLIGATIONS” and “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding”.

LACMTA may issue and/or incur additional Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations upon the satisfaction of certain additional bonds tests. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Measure R Sales Tax Obligations.” The Short Range Financial Forecast assumes the issuance and/or incurrence of approximately \$2.7 billion in additional Senior Obligations and/or Subordinate Obligations from Fiscal Year 2021 through Fiscal Year 2030. For further discussion of the Short Range Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

### **The Series 2020 Bonds Are Limited Obligations of LACMTA Only**

Neither the faith and credit nor the taxing power of the County, the State of California (the “State”) or any political subdivision or public agency thereof, other than LACMTA to the extent of the Junior Subordinate Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement as described herein, is pledged to the payment of the principal of or interest on the Series 2020 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2020 Bonds.

The Series 2020 Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from a lien on and pledge of the Junior Subordinate Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement as described herein. Other than Junior Subordinate Pledged Revenues and such other amounts held by the Trustee under the Trust Agreement as described herein, 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 2020 Bonds.

### **No Reserve Fund for the Series 2020 Bonds**

The Series 2020 Bonds will not be secured by a debt service reserve fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—The Series 2020 Bonds Are Not Secured by Any Debt Service Reserve Fund.”

### **Documentation for Bonds; Proposed Amendments to the Senior Trust Agreement**

If there are sufficient proceeds from the sale of the Series 2020 Bonds

to repay in full the Primary TIFIA Loan Agreements then LACMTA will enter into the following agreements: (a) the Second Amended and Restated Trust Agreement, to be dated as of May 1, 2020, as

amended and supplemented (the “Senior Trust Agreement”), by and between LACMTA and Senior Trustee; (b) the Junior Subordinate Trust Agreement, to be dated as of May 1, 2020 (the “Junior Subordinate Trust Agreement”), by and between LACMTA and the Trustee; and (c) the First Supplemental Junior Subordinate Trust Agreement, to be dated as of May 1, 2020 (the “First Supplemental Agreement,” and together with the Junior Subordinate Trust Agreement, the “Trust Agreement”), by and between LACMTA and the Trustee. The Senior Trust Agreement would amend and restate the Amended and Restated Trust Agreement, dated as of February 1, 2014, pursuant to which Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations are presently outstanding as described above under “—Measure R Sales Tax Obligations.”

However, if the proceeds from the sale of the Series 2020-A Bonds are insufficient to repay in full the Primary TIFIA Loan Agreements then the Series 2020-A Bonds will be issued pursuant to the Amended and Restated Trust Agreement, dated as of February 1, 2014, as amended and supplemented, by and between LACMTA and the Senior Trustee and the Sixth Supplemental Trust Agreement, to be dated as of May 1, 2020, by and between LACMTA and the Senior Trustee (collectively, the “Alternative Agreement”). This Official Statement reflects the terms of the **Senior Trust Agreement** and Trust Agreement, but identifies circumstances where the terms would be materially different if the Series 2020 Bonds are issued pursuant to the Alternative Agreement. This Official Statement reflects such amendments in the descriptions of the Senior Trust Agreement. See “APPENDIX H—PROPOSED AMENDMENTS TO SENIOR TRUST AGREEMENT.”

Purchasers of the Series 2020 Bonds will be deemed to have consented to certain amendments to the Senior Trust Agreement.

### **Continuing Disclosure**

In connection with the issuance of the Series 2020 Bonds, for purposes of assisting the Underwriters (as defined under “UNDERWRITING”) 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.”

### **Impact of Global COVID-19 Outbreak**

[discussion of impact of COVID-19 to be inserted as appropriate before printing]

### **Upcoming Proposition C Transaction**

In addition to the Series 2020 Bonds described in this Official Statement, LACMTA anticipates issuing its Proposition C Sales Tax Revenue Refunding Bonds, Series 2020-A Bonds (the “Proposition C 2020-A Bonds”) on May [19], 2020. The Proposition C 2020-A Bonds are expected to [price and close around the same time as the Series 2020-A Bonds]. The Proposition C 2020-A Bonds are secured by and payable from the Proposition C Sales Tax revenues and are NOT secured by or payable from Pledged Revenues. The Proposition C 2020-A Bonds are not being sold pursuant to this Official Statement.

## **Additional Information**

Brief descriptions of the Series 2020 Bonds, the Senior Trust Agreement, Trust Agreement or the Alternative 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 2020 Bonds. LACMTA maintains a website, an investor relations page through a third-party, and social media accounts, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2020 Bonds.

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

## **PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS**

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

**Series 2020-A Bonds.** LACMTA will use the proceeds of the Series 2020-A Bonds, together with other available funds to be released from funds and accounts related to the Primary TIFIA Loan Agreements, to: (a) repay and retire its obligations under some or all of the Primary TIFIA Loan Agreements described below; (b) finance the project costs in an amount equal to the aggregate undrawn amounts under the Primary TIFIA Loan Agreements; and (c) pay the costs of issuance of the Series 2020-A Bonds.

LACMTA will apply a portion of the proceeds of the Series 2020-A Bonds, together with other available funds, to repay [on the date of issuance of the Series 2020-A Bonds] its obligations under some or all of the following: (a) the loan agreement, dated as of December 20, 2016, between LACMTA and the United States Department of Transportation (the "TIFIA Lender") for the Westside Purple Line Extension Section 2 Project; (b) the loan agreement, dated as of May 21, 2014, between the LACMTA and the TIFIA Lender for the Westside Purple Line Extension Section 1 Project; and (c) the loan agreement, dated as of February 20, 2014, between the LACMTA and the TIFIA Lender for the Regional Connector Transit Corridor Project. The loan agreements identified in clauses (a) through (c) of the preceding sentence are Junior Subordinate Obligations and are referred to herein as the "Primary TIFIA Loan Agreements."

**Series 2020-B Green Bonds.** LACMTA will use the proceeds of the Series 2020-B Green Bonds, together with other available funds to be released from funds and accounts related to the Secondary TIFIA Loan Agreement, to: (a) repay and retire its obligations under the Secondary TIFIA Loan Agreements described below and (b) pay the costs of issuance of the Series 2020-B Green Bonds.

LACMTA will apply a portion of the proceed of the Series 2020-B Green Bonds, together with other available funds, to repay [on the date of issuance of the Series 2020-B Bonds] its obligations under the loan agreement, dated as of September 28, 2012, as amended, between the Crenshaw Project Corporation and the TIFIA Lender, and the related Direct Agreement, dated as of September 28, 2012, as amended, between the LACMTA and the TIFIA Lender, and the related Funding Agreement, dated as of September 28, 2012, as amended, between LACMTA and Crenshaw Project Corporation, all for the



Crenshaw/LAX Transit Corridor Project. Such Funding Agreement is referred to herein as the “Secondary Loan Agreement” and is payable from Measure R Sales Tax revenues on a basis junior and subordinate to the Junior Subordinate Obligations.

The Primary TIFIA Loan Agreements and the Secondary TIFIA Loan Agreement are collectively referred to herein as the “TIFIA Loan Agreements.” The TIFIA Loan Agreements so refunded shall be referred to herein as the “Refunded TIFIA Loan Agreements.

The Refunded TIFIA Loan Agreements will be terminated upon the issuance of the Series 2020 Bonds.

### **“Green Bond” Designation**

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

LACMTA has adopted several plans and policies to formalize its environmental sustainability goals and guide implementation of its programs. For example, it first adopted a Sustainability Implementation Plan addressing Sustainability through Climate Change Management, Energy Management, and other Sustainability Development Efforts in 2008. This Plan has been expanded through a number of implementation and policy documents related to climate change, energy, water and resource management, and similar disciplines. Beginning in 2009, LACMTA has produced an annual sustainability report to summarize the agency’s continual efforts in achieving higher sustainability performance through the implementation of planning, construction, operations, and maintenance activities. This report addresses environmental performance in five key areas: ridership, energy, emissions, water, and waste management. This report and related materials can be found on the LACMTA’s website at <https://www.metro.net/projects/ecsd/>, which is not incorporated by reference.

LACMTA’S Revised Framework for Green Bonds dated [November 20, 2018] contains the environmental objectives of LACMTA and outlines the process of selection and evaluation of projects nominated to be funded by green bonds as well as the application and management of proceeds. The projects expected to be refinanced with proceeds of the Series 2020-B Green Bonds were evaluated by LACMTA’s Treasury Department, with assistance from LACMTA’s Environmental Compliance & Sustainability Department, and determined to support LACMTA’s sustainability goals.

The Series 2020-B Green Bonds are labeled “Green Bonds” because the proceeds of the Series 2020-B Green Bonds will be used to refund the Secondary TIFIA Loan Agreement which has been designated by LACMTA as a “Green Project.” [Construction of such Green Project has been completed and no additional reporting on the status of the Green Project is anticipated.] The term “Green Bonds” is solely for identification purposes and is not intended to provide or imply that the Series 2020-B Green Bonds is entitled to any security other than that described under the heading, “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS.”

## Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2020 Bonds.

<u>Sources</u>	<u>Series 2020-A</u>	<u>Series 2020-B</u>	<u>Total</u>
Principal Amount	\$	\$	\$
Original Issue Discount/Bond Premium			
Other Available Moneys <sup>1</sup>			
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>Uses</u>			
Prepayment of TIFIA Loan Agreements	\$	\$	
Deposit to Construction Fund			
Costs of Issuance <sup>2</sup>			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

<sup>1</sup> Includes funds released from debt service accounts for the TIFIA Loan Agreements.

<sup>2</sup> Includes underwriters' discount, legal fees, rating agency fees, municipal advisor fees, printer costs, and other costs of issuance.

## RISK FACTORS

*The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2020 Bonds. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect LACMTA, the Measure R Sales Tax revenues, or the Series 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

### Economic Factors May Cause Declines in Measure R Sales Tax Revenues

The Series 2020 Bonds are limited obligations of LACMTA payable solely from and secured by a lien on and pledge of Junior Subordinate Pledged Revenues, consisting primarily of certain revenues generated by the Measure R Sales Tax after payment of all Senior Obligations, Subordinate Obligations and Senior Fees and Expenses, and other amounts that are held by the Trustee under the Trust Agreement. The level of Measure R 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 Measure R Sales Tax revenues received by LACMTA declined. Measure R Sales Tax revenues increased in Fiscal Years 2011 through 2019. It is possible that Measure R Sales Tax revenues could decline in the future, reducing amounts available to pay the principal of and interest on the Series 2020 Bonds.

To project future Measure R Sales Tax revenues for budgetary purposes, LACMTA incorporates actual long-term experience combined with forecasts from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Therefore, LACMTA is unable to predict with certainty future levels of Measure R 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 Measure R Sales Tax revenues. Future significant declines in the amount of Measure R Sales Tax revenues could ultimately impair the ability of LACMTA to pay principal of and interest on the Series 2020 Bonds. See "MEASURE R SALES TAX

AND COLLECTIONS—Historical Measure R Sales Tax Collections.” Also see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

**[discussion of impact of COVID-19 to be inserted as appropriate before printing]**

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

With limited exceptions, the Measure R Sales Tax is imposed on the same transactions and items subject to the general sales tax levied throughout the State. In the past, the California State Legislature and the California State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the Measure R 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 Measure R 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 Measure R Sales Tax are imposed. Such a change could either increase or decrease Measure R Sales Tax revenues depending on the nature of the change. See “MEASURE R SALES TAX AND COLLECTIONS.”

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

### **Increases in Sales Tax Rate May Cause Declines in Measure R 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 Measure R Sales Tax revenues. Several increases in sales tax rates have occurred in recent years.

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 expired on December 31, 2016.

At the election held on November 8, 2016, more than two-thirds of the electors of the County voting on the issue approved an additional transportation and use tax (known as the Measure M Sales Tax) to

improve transportation and ease traffic congestion. The Measure M Sales Tax is a new one-half cent sales tax that started on July 1, 2017 that increases to one cent in 2039 when the Measure R Sales Tax expires. The Measure M Sales Tax does not have a scheduled expiration date. Proposition A Sales Tax revenues, Proposition C Sales Tax revenues and Measure M Sales Tax revenues are separate from Measure R Sales Tax revenues and do not secure the Junior Subordinate Obligations, or Senior Obligations, including the Series 2020 Bonds, or Subordinate Obligations.

On March 7, 2017, County voters approved a ¼ of 1% sales tax increase known as the Measure H Sales Tax for Homeless Services and Prevention to fund programs to assist the County’s homeless population. The Measure H Sales Tax went into effect in October, 2017 and such tax expires in 2027. See “MEASURE R SALES TAX AND COLLECTIONS—The Measure R Sales Tax” for further discussion of Measure H and other current sales taxes in the County.

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

### **Increased Internet Use May Reduce Measure R Sales Tax Revenues**

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

Further, the Supreme Court of the United States (the “Supreme Court”) decided a case on June 21, 2018 (*South Dakota v. Wayfair Inc., et al*) concerning out of jurisdiction collection of sales taxes. The Supreme Court ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes to state and local governments. Since April 1, 2019, retailers located outside of California have been required to register with CDTFA, collect the California use tax, and pay the tax to CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state, with exceptions for retailers with California sales below certain volume and dollar amount thresholds. Effective October 1, 2019, marketplace facilitators (such as Internet shopping websites) are treated as retailers for purposes of determining whether such thresholds are met, and marketplace facilitators are required to collect and remit sales and use tax on the sale of tangible personal property sold through their marketplace for delivery to California customers if they meet certain volume and dollar amount thresholds. LACMTA believes that some Internet transactions currently avoid taxation and in the future may continue to avoid taxation, and this potentially reduces the amount of Measure R Sales Tax revenues.

### **No Acceleration of the Series 2020 Bonds**

In the event of a default by LACMTA, the Trust Agreement does not contain a provision allowing for the acceleration of the principal of and interest due on the Series 2020 Bonds. In the event of a default by LACMTA, each Owner of the Series 2020 Bonds will have the right to exercise the remedies, subject to the limitations thereon, set forth in the Trust Agreement. See “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS— TRUST AGREEMENT—Events of Default and Remedies.”

The Senior Trust Agreement permits the accelerated payment of Senior Bonds or Subordinate Obligations that are purchased with moneys obtained under a Liquidity Facility or related reimbursement

obligations pursuant to term-out provisions of any such Liquidity Facility. Such term out provisions might substantially reduce the amount of Junior Subordinate Pledged Revenues available to pay debt service on the Series 2020 Bonds and other Junior Subordinate Obligations. There currently are no Senior Bonds or Subordinate Obligations outstanding that are supported by a Liquidity Facility.

### **Series 2020 Bonds Subordinate to Senior Obligations and Subordinate Obligations**

The pledge of and lien on Junior Subordinate Pledged Revenues securing the Series 2020 Bonds and other Junior Subordinate Obligations constitutes a third priority pledge of and lien on Pledged Revenues as defined in the Senior Trust Agreement subordinate to the pledge and lien securing the Senior Obligations, Subordinate Obligations, and Senior Fees and Expenses as established under the Senior Trust Agreement. In addition, under the Senior Trust Agreement, the Senior Trustee is required to make monthly deposits from Pledged Revenues into funds and accounts created under the Senior Trust Agreement equal to a portion of future principal and interest payments due on the Senior Obligations and Subordinate Obligations, as well as deposits to any senior obligation reserve fund (there is not presently any such reserve fund) and deposits to the Senior Fees and Expenses Fund as established under the Senior Trust Agreement before the Senior Trustee may deposit remaining Pledged Revenues into the Junior Subordinate Obligations Fund established under the Senior Trust Agreement. The Senior Trustee shall transfer amounts deposited in the Junior Subordinate Obligations Fund to the Trustee where such amounts shall constitute Junior Subordinate Pledge Revenues under the Trust Agreement to be applied to pay principal of or interest on the Series 2020 Bonds and other Junior Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Flow of Funds.”

### **No Reserve Fund for the Series 2020 Bonds**

The Series 2020 Bonds will not be secured by a debt service reserve fund.

### **Additional Senior Bonds, Subordinate Obligations and Subordinate Junior Obligations**

LACMTA expects to issue and/or incur additional debt secured by Measure R Sales Tax revenues, including additional Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations. The Short Range Financial Forecast assumes the issuance and/or incurrence of approximately \$2.7 billion in additional Senior Obligations and/or Subordinate Obligations from Fiscal Year 2021 through Fiscal Year 2030. For further discussion of the Short Range Financial Forecast, see “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning.” LACMTA has several major transit projects under construction and has future plans for additional major capital projects. LACMTA may ultimately issue and/or incur additional Senior Bonds, Subordinate Obligations and Junior Subordinate Obligations to finance these projects than its current plans presently anticipate, particularly if costs of completing projects are higher than expected or other funding sources are not available as planned. In addition, LACMTA is likely to undertake additional capital projects in the future, and may issue and/or incur additional Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations to finance these projects. LACMTA may issue additional Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations only if certain conditions are satisfied. “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS— Measure R Sales Tax Obligations and Additional Debt Tests”

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

As a municipal entity, LACMTA may be authorized to file a petition for relief under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”) under certain circumstances. Should LACMTA file for bankruptcy relief, there could be adverse effects on the holders of the Series 2020 Bonds.

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

The results of Chapter 9 bankruptcy proceedings are difficult to predict. If a court determined that the Measure R Sales Tax was levied to finance the general purposes of LACMTA rather than specific projects, then the Pledged Tax Revenues would not be special revenues. No assurance can be given that a court would hold that the Pledged Tax Revenues constitutes special revenues or that the Series 2020 Bonds are of a type protected by the “special revenues” provisions of the Bankruptcy Code. If a bankruptcy court were to determine that the Pledged Tax Revenues were not “special revenues,” then Pledged Tax Revenues collected after the commencement of the bankruptcy case would likely not be subject to the lien of the Senior Trust Agreement. If a bankruptcy court were to so hold, the owners of the Series 2020 Bonds would no longer be entitled to any special priority to the Pledged Tax Revenues and could be treated as general unsecured creditors of LACMTA without a lien as to the Pledged Tax Revenues.

If the revenues pledged under the Senior Trust Agreement are determined to be special revenues, the Bankruptcy Code provides (in order to maintain the revenue-generating capacity of the municipal entity) that a special revenues lien is subject to the necessary operating expenses of the project or system from which the special revenues are derived, which expenses are to be paid before other obligations (including to bondholders). This rule applies regardless of the provisions of the transaction documents. The law is not clear, however, (i) as to whether, or to what extent, the Pledged Tax Revenues would be considered to be “derived” from a project or system, or (ii) precisely which expenses would constitute necessary operating expenses. To the extent that the Pledged Tax Revenues is determined to be derived from a project or system, LACMTA may be able to use Pledged Tax Revenues to pay necessary operating expenses, before the remaining Pledged Tax Revenues is turned over to the Trustee to pay amounts owed to the holders of the Series 2020 Bonds.

If LACMTA files for relief under Chapter 9, the parties (including the Trustee and the holders of the Series 2020 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 2020 Bonds from funds in the Trustee’s possession. In addition, the procedure pursuant to which the Pledged Tax Revenues is paid directly to the Trustee by CDTFA may no longer be enforceable, and LACMTA may be able to require that the Pledged Tax Revenues be paid directly to it by CDTFA.

If LACMTA has possession of Pledged Tax Revenues (whether collected before or after commencement of the bankruptcy case) and if LACMTA does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2020 Bonds would have to follow to attempt to obtain possession of such Pledged Tax Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The obligations of LACMTA under the Trust Agreement, including its obligations to pay principal of and interest on the Series 2020 Bonds, are limited obligations and are payable solely from the Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement. Accordingly, if LACMTA filed for relief under Chapter 9, the owners of the Series 2020 Bonds may not have any recourse to any assets or revenues of LACMTA other than the Pledged Revenues and other amounts.

In the event of a LACMTA bankruptcy filing, LACMTA may be able to borrow additional money that is secured by a lien on any of its property (including the Pledged Revenues), which lien could have priority over the lien of the Trust Agreement, as long as the bankruptcy court determines that the rights of the owners of the Series 2020 Bonds will be adequately protected. LACMTA may also be able to cause some of the Pledged Revenues to be released to it, free and clear of lien of the Trust Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Series 2020 Bonds will be adequately protected.

Through a Chapter 9 proceeding LACMTA may also be able, without the consent and over the objection of the Trustee and the owners of the Series 2020 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 2020 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

As noted in its 2019 Financial Statements (as defined under “FINANCIAL STATEMENTS”), (see “Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans” in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019”), LACMTA has been informed that it has unfunded pension plan actuarial accrued liabilities. In a bankruptcy of LACMTA, the amounts of current and, if any, accrued (unpaid) contributions owed to the California Public Employees’ Retirement System (“CalPERS”), the LACMTA-administered plans, or to any other pension system (collectively the “Pension Systems”), as well as future material increases in required contributions, could create additional uncertainty as to LACMTA’s ability to pay debt service on the Series 2020 Bonds. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems are instrumentalities of the State and have the right to enforce payment by injunction or other proceedings outside of a LACMTA bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a bankruptcy of LACMTA would rule on these matters. In addition, this area of law is presently very unsettled. This is because, though the issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in the Chapter 9 cases of several California municipalities, including Stockton and San Bernardino, the relevant disputes have not been litigated to decision in the Federal circuit appellate courts, and thus there are no rulings from which definitive guidance can be taken on pension matters in Chapter 9.

There may be delays in payments on the Series 2020 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 2020 Bonds. There may be other possible effects of a bankruptcy of LACMTA that could result in delays or reductions in payments on the Series 2020 Bonds, or result in losses to the holders of the Series 2020 Bonds. Regardless of any specific adverse determinations in a LACMTA bankruptcy proceeding, the fact of a LACMTA bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2020 Bonds.

### **Liability for CalPERS Retirement Funding**

LACMTA participates in CalPERS, and is a member of the Southern California Regional Rail Authority (“Metrolink”), a joint powers authority that participates in CalPERS. Participants in CalPERS

may terminate their participation, and CalPERS may, following notice and cure periods, terminate participants that fail to make required contributions or provide required information or no longer exist. California law provides that a terminated agency is liable to CalPERS for any deficit in funding for earned benefits, plus interest and collection costs, and that CalPERS will have a lien on assets of the terminated participant, subject only to a prior lien for wages, for such deficit, interest and costs. Similar provisions impose liability and liens on members of joint powers authorities for the retirement obligations of the joint powers authority. As of June 30, 2018, LACMTA's net pension liability was approximately \$154 million according to LACMTA's audited financial statements (see APPENDIX B) and as of June 30, 2018, Metrolink's net pension liability was approximately \$12 million, according to Metrolink's audited financial statements. While LACMTA expects to make its required contributions to CalPERS and to strive to ensure that no funding deficit exists in the event of the termination or dissolution of Metrolink or any other joint powers authority of which it becomes a member (or if a funding deficit does exist, to make alternate arrangements to address it), it is possible that a lien could be placed on all of LACMTA's assets, including the Measure R Sales Tax Revenues, in the amount of any funding deficit, plus interest and collection costs, and any such lien on Measure R Sales Tax Revenues would be senior to that securing the Series 2020 Bonds. Also see "—Impact of Bankruptcy of LACMTA."

### **Voter Initiatives and California State Legislative Action May Impair Measure R Sales Tax**

Voters have the right to place measures before the electorate in the County or the State and the California State Legislature may take actions to limit the collection and use of the Measure R Sales Tax. Such initiatives or actions may impact various aspects of the security, source of payment and other credit aspects of the Series 2020 Bonds. For example, if passed, a bill currently pending in the California State Legislature would require the State Air Resources Board, in consultation with the CDTFA, to submit a report to the California State Legislature by January 1, 2021, proposing and determining the feasibility and practicality of a system to replace the State's sales and use tax with an assessment on retail products sold or used in the State based on the carbon intensity of the product. See "MEASURE R SALES TAX AND COLLECTIONS—Initiatives and Changes to Measure R Sales Tax."

## **DESCRIPTION OF THE SERIES 2020 BONDS**

### **General**

The Series 2020 Bonds are limited obligations of LACMTA expected to be issued and secured as Junior Subordinate Bonds. As described above under "INTRODUCTION—Documentation for Bonds; Proposed Amendments to the Senior Trust Agreement," the Series 2020 Bonds will be issued under either the Trust Agreement or the Alternative Agreement.

The Series 2020 Bonds will bear interest at the rates and mature in the principal amounts and on the dates shown on the inside cover of this Official Statement. LACMTA will pay interest on each June 1 and December 1, beginning December 1, 2020. Interest on the Series 2020 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2020 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Upon initial issuance, the Series 2020 Bonds will be registered in the name of Cede & Co. as registered owner and nominee of DTC. As long as the Series 2020 Bonds are registered in such name or in the name of a successor nominee, the ownership of the Series 2020 Bonds will be evidenced by book-entry as described in "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM." Purchasers will not receive certificated Series 2020 Bonds. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, reference herein to the Bondholders or registered owners will mean Cede & Co. as aforesaid and will not mean the Beneficial Owners of the Series 2020 Bonds.



So long as Cede & Co. is the registered owner of the Series 2020 Bonds, principal of and interest on the Series 2020 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 2020 Bonds cease to be held by DTC or by a successor securities depository, the principal of the Series 2020 Bonds will be payable at maturity upon presentation and surrender of the Series 2020 Bonds at the corporate trust office or agency of the Trustee, and interest on the Series 2020 Bonds will be payable by check mailed by first-class mail on each Interest Payment Date to the Owners of the Series 2020 Bonds as of the Record Date; provided, that Owners of \$1,000,000 or more in aggregate principal amount of Series 2020 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<sup>†</sup>**

***Optional Redemption of the Series 2020 Bonds.*** The Series 2020-A Bonds maturing on or before June 1, [2030] are not subject to optional redemption. The Series 2020-A Bonds maturing on and after June 1, [2031] are subject to redemption at the option of LACMTA, in whole or in part, in Authorized Denominations, on any date on or after June 1, [2030] from any moneys that may be provided for such purpose, at a redemption price of 100% of the principal amount of such Series 2020-A Bonds so redeemed, together with accrued interest, if any, to the redemption date, without premium.

The Series 2020-B Green Bonds maturing on or before June 1, [2030] are not subject to optional redemption. The Series 2020-B Green Bonds maturing on and after June 1, [2031] are subject to redemption at the option of LACMTA, in whole or in part, in Authorized Denominations, on any date on or after June 1, [2030] from any moneys that may be provided for such purpose, at a redemption price of 100% of the principal amount of such Series 2020-B Green Bonds so redeemed, together with accrued interest, if any, to the redemption date, without premium.

***Selection of Series 2020 Bonds for Redemption.*** The Series 2020 Bonds are subject to redemption in such order of maturity date [and interest rate] as LACMTA may direct and by lot, selected in such manner as the Trustee shall deem appropriate within a maturity [and interest rate], provided that for so long as the book-entry system is being used, the interests of the Participants in the particular Series 2020 Bonds or portions thereof to be redeemed within a maturity and interest rate shall be selected by lot by the Securities Depository in such manner as the Securities Depository and the Participants may determine.

***Notice of Redemption.*** Each notice of redemption will be mailed by the Trustee, not less than 20 nor more than 90 days prior to the redemption date, to each Holder and the Repository. Notice of redemption to the Holders, the Repository and the applicable Notice Parties will be given by first-class mail. Each notice of redemption will state the date of such notice, the date of issue of the Series 2020 Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Series 2020 Bonds of such maturity, if any, to be redeemed and, in the case of Series 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Series 2020 Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Series 2020 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2020 Bonds be

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<sup>†</sup> Preliminary, subject to change.

then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither LACMTA nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Series 2020 Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither LACMTA nor the Trustee will be liable for any inaccuracy in such CUSIP numbers.

With respect to any notice of optional redemption, unless, upon the giving of such notice, such Series 2020 Bonds are deemed to have been paid within the meaning of the Trust Agreement, such notice will state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of and interest on such Series 2020 Bonds to be redeemed, and that if such amounts are not so received, said notice will be of no force and effect and LACMTA will not be required to redeem such Series 2020 Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders of the applicable Series 2020 Bonds to the effect that such amounts were not so received and such redemption was not made.

Failure by the Trustee to give notice to any Notice Party or the Repository or failure of any Holder, any Notice Party or the Repository to receive notice or any defect in any such notice will not affect the sufficiency or validity of the proceedings for redemption.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS**

### **Security for the Series 2020 Bonds**

The Series 2020 Bonds are limited obligations of LACMTA payable from and secured by a lien on and pledge of the “Junior Subordinate Pledged Revenues,” which essentially consist of all Pledged Tax Revenues, deposited in the Junior Subordinate Obligation Fund established under the Senior Trust Agreement after making all deposits and payments due on the Senior Obligations, Subordinate Obligations, and Senior Fees and Expenses under the Senior Trust Agreement. “Pledged Tax Revenues” means the amounts collected on account of the Measure R Sales Tax, less any refunds and the administrative fee paid to CDTFA in connection with the collection and disbursement of the Measure R Sales Tax, and less 15% thereof which constitutes the Local Return allocated to local jurisdictions within the County pursuant to the Measure R Ordinance. See “MEASURE R SALES TAX AND COLLECTIONS.”

In addition, the Series 2020 Bonds are secured by all other amounts held by the Trustee under the Trust Agreement (except for amounts held in certain funds established under either the Trust Agreement or the Alternative Agreement, as applicable). Additionally, the Trust Agreement provides that Junior Subordinate Pledged Revenues also include any additional sources of revenue that are hereafter pledged to pay the Junior Subordinate Bonds and Junior Subordinate Parity Obligations under a subsequent supplement to the Trust Agreement. Pledged Revenues do not include any Measure R Sales Tax revenues that are released by the Senior Trustee to LACMTA after making all required monthly deposits to the Interest Fund, the Principal Fund, any Reserve Fund, the Subordinate Obligations Fund, the Senior Fees and Expenses Fund and the Junior Subordinate Obligations Fund.

LACMTA is not obligated to make payments of principal of and interest on the Series 2020 Bonds from any other source of funds.

The Series 2020 Bonds and all other Junior Subordinate Obligations are secured by a lien and charge on Junior Subordinate Pledged Revenues, which constitutes a third lien on Pledged Revenues (as defined in the Senior Trust Agreement) that is subordinate to the liens and charges on Pledged Revenues

that secure Senior Obligations, the Subordinate Obligations and the Senior Fees and Expenses under the Senior Trust Agreement.

**Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than LACMTA to the extent of the Junior Subordinate Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement, is pledged to the payment of the principal of or interest on the Series 2020 Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2020 Bonds.**

**The Series 2020 Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from a lien on and pledge of the Junior Subordinate Pledged Revenues and certain other amounts held by the Trustee under the Trust Agreement. Other than Junior Subordinate Pledged Revenues and such other amounts held by the Trustee under the Trust 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 2020 Bonds.**

### **Issuance of Additional Measure R Sales Tax Obligations**

Pursuant to the Senior Trust Agreement, LACMTA has covenanted and agreed not to issue or incur any obligations that would have a lien on Pledged Revenues senior to the Senior Bonds or any Senior Parity Debt. LACMTA is authorized to issue and incur Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations under the Senior Trust Agreement, the Subordinate Trust Agreement and the Trust Agreement, respectively. LACMTA also has incurred obligations that are payable from the Measure R Sales Tax revenues on a basis subordinate to the Junior Subordinate Obligations, and may incur additional obligations in the future.

**Senior Obligations.** Under the Senior Trust Agreement, LACMTA may issue Senior Bonds and incur Senior Parity Obligations, which are secured by a senior lien and charge on Pledged Revenues. As of March 1, 2020, LACMTA had approximately \$1.1 billion aggregate principal amount of Senior Bonds outstanding. For a description of the Senior Bonds currently outstanding, see “MEASURE R SALES TAX OBLIGATIONS—Senior Obligations.” LACMTA does not presently have any Senior Parity Obligations outstanding.

LACMTA is permitted to issue additional Senior Bonds and incur Senior Parity Obligations upon satisfying certain conditions, including the delivery of a certificate prepared by a Consultant showing that the amount of Pledged Revenues (excluding Swap Revenues) collected during any 12 consecutive calendar months specified by LACMTA within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Bonds or Senior Parity Obligations will become Outstanding will have been at least equal to 2.5 times Maximum Annual Debt Service on all Series of Senior Bonds and Senior Parity Obligations then Outstanding and the additional Series of Senior Bonds or Senior Parity Obligations then proposed to be issued. LACMTA has also covenanted and agreed that at the time of issuance of any Series of Senior Bonds the portion of projected Measure R Sales Tax revenues attributable to any expenditure allocation category described in the Measure R Ordinance, as determined by LACMTA, divided by the Assumed Debt Service attributable to such Bonds for such expenditure allocation category defined in Ordinance will not be less than 110%. Similar tests must be met for the issuance of Senior Parity Obligations.

Refunding Senior Bonds and Senior Parity Obligations may be issued or incurred by LACMTA without compliance with the provisions of the Senior Trust Agreement summarized in the preceding paragraph if certain conditions are met.

See “APPENDIX D-SUMMARY OF LEGAL DOCUMENTS-[specific sections to come]” for further discussion of the requirements to issue additional Senior Obligations.

***Subordinate Obligations.*** Under the Senior Trust Agreement, LACMTA may issue Subordinate Obligations which are secured by a lien and charge on Pledged Revenues subordinate to the lien and charge on Pledged Revenues that secures the Senior Obligations and senior to the lien and charge on Pledged Revenues that secures the Junior Subordinate Obligations. As of March 1, 2020, LACMTA had approximately \$106 million aggregate principal amount of Subordinate Obligations outstanding. For a description of the Subordinate Obligations currently outstanding, see “MEASURE R SALES TAX OBLIGATIONS—Subordinate Obligations.”

LACMTA is permitted to incur additional Subordinate Obligations upon satisfying certain conditions, including the delivery of a certificate prepared by a Consultant showing that the amount of Pledged Revenues collected during any 12 consecutive calendar months specified by LACMTA within the most recent 18 calendar months immediately preceding the date on which such additional Subordinate Obligations will become Outstanding will have been at least equal to [\_\_\_] times Maximum Annual Debt Service on all Subordinate Obligations then Outstanding and the additional Series of Subordinate Obligations then proposed to be issued . See “APPENDIX D-SUMMARY OF LEGAL DOCUMENTS-[remainder of x-ref to come]” for further discussion of the requirements to issue additional Subordinate Obligations. [additional coverage test under the credit agreements?]

***Junior Subordinate Obligations.*** Under the Trust Agreement, LACMTA may issue Junior Subordinate Obligations which are secured by a lien and charge on Junior Subordinate Pledged Revenues, consisting of remaining Pledged Revenues deposited in the Junior Subordinate Obligations Fund established under the Senior Trust Agreement after making all deposits and payment due on the Senior Obligations, the Subordinate Obligations and the obligations to pay Senior Fees and Expenses under the Trust Agreement.

As of March 1, 2020, LACMTA had approximately \$977 million aggregate principal amount of Junior Subordinate Obligations outstanding which includes the drawn amounts under the Primary TIFIA Loan Agreements to be repaid by the issuance of the Series 2020 Bonds. For a description of the Junior Subordinate Obligations currently outstanding, see “MEASURE R SALES TAX OBLIGATIONS—Junior Subordinate Obligations.” LACMTA does not presently have any Junior Subordinate Bonds outstanding.

LACMTA is permitted to incur additional Junior Subordinate Obligations upon satisfying certain conditions under the Trust Agreement, including delivery of a certificate prepared by a Consultant showing that the amount of Junior Subordinate Pledged Revenues (excluding Swap Revenues) collected during any 12 consecutive calendar months specified by LACMTA within the most recent 18 calendar months immediately preceding the date on which such additional Series of Junior Subordinate Obligations will become Outstanding shall have been at least equal to [\_\_\_] times Maximum Annual Debt Service on all Junior Subordinate Obligations then Outstanding and the additional Junior Subordinate Obligations then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based. See “APPENDIX D-SUMMARY OF LEGAL DOCUMENTS-[remainder of x-ref to come]” for further discussion of the requirements to issue additional Junior Subordinate Obligations.

## **Flow of Funds**

As long as any Senior Bonds and Senior Parity Obligations, Subordinate Obligations, obligations payable from the Senior Fees and Expenses Fund established under the Senior Trust Agreement (the “Senior Fees and Expenses”), Junior Subordinate Obligations and all other amounts payable under the Senior Trust Agreement remain unpaid pursuant to the Senior Trust Agreement, LACMTA has pledged the Pledged Tax

Revenues to the Trustee and will cause the CDTF A to transmit the same directly to the Trustee. The Pledged Tax Revenues will be received and held in trust by the Senior Trustee for the benefit of the Holders of the Senior Bonds, the Senior Parity Obligations, the Subordinate Obligations and Junior Subordinate Obligations. The Senior Trustee will forthwith deposit all Pledged Tax Revenues in the Revenue Fund established by the Senior Trust Agreement (the "Revenue Fund"), maintained and held in trust by the Senior Trustee, when and as such Pledged Tax Revenues are received by the Trustee. See "APPENDIX D-SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS-TRUST AGREEMENT." Investment income on amounts held by the Senior Trustee (other than amounts held in the Rebate Fund or for which particular instructions, such as with respect to a Project Fund, a Letter of Credit Account or a Purchase Fund, are provided in a supplement to the Senior Trust Agreement) will also be deposited in the Revenue Fund.

So long as any Senior Bonds remain outstanding and Senior Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations and all other amounts payable under the Senior Trust Agreement remain unpaid, following receipt and deposit of the Pledged Tax Revenues in the Revenue Fund in each month, the Senior Trustee is required to set aside such Pledged Tax Revenues in the following respective funds, amounts and order of priority (provided that deficiencies in any previously required deposit may be made up prior to the deposit to a fund subsequent in priority) and further provided that set asides or transfers required with respect to outstanding Senior Parity Obligations will be made on a parity basis each month, as provided in the Senior Trust Agreement.

***First - Interest Fund (Senior Obligations).*** The Senior Trustee will make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on Outstanding Senior Bonds constituting Current Interest Bonds (except the Senior Bonds constituting Variable Rate Indebtedness which is governed by (b) below) during the next ensuing six months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six months), plus (b) the aggregate amount of interest to accrue during that month on Outstanding Senior Bonds constituting Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified by LACMTA, or if LACMTA has not specified an interest rate, at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the date of deposit plus 100 basis points; subject to such adjustments as are provided pursuant to the provisions of the Trust Agreement.

***Second - Principal Fund; Sinking Accounts (Senior Obligations).*** The Senior Trustee will make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Senior Serial Bonds of all Series having semiannual maturity dates within the next six months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Senior Serial Bonds of all Series having annual maturity dates within the next 12 months, plus (c) one-sixth of the aggregate of the Senior Term Bond Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Senior Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Senior Term Bond Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Senior Term Bonds of all Series for which Sinking Accounts will have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if LACMTA certifies to the Senior Trustee that any principal payments due on or prior to January 1, 2036 are expected to be refunded on or prior to their respective due dates, no amounts need be set aside towards such principal to be so refunded, except for amounts in any month to pay principal payments becoming due and payable in such month.

No deposit need be made into the Principal Fund so long as there will be in such fund (a) moneys sufficient to pay the Bond Obligation of all Senior Serial Bonds then Outstanding and maturing by their terms within the next 12 months, plus (b) the aggregate of all Senior Term Bond Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Senior Term Bonds during such 12-month period; provided that if LACMTA certifies to the Senior Trustee that any principal payments in the following 12-month period are expected to be paid from amounts on deposit in a Reserve Fund that would be in excess of the Reserve Requirement applicable to such Reserve Fund upon such payment, no deposit need be made into the Principal Fund with respect to such principal payments.

***Third - Reserve Funds (Senior Obligations).*** If LACMTA provides by a supplement to the Senior Trust Agreement, the Senior Trustee will make deposits to any of the Reserve Funds. As of the date of this Official Statement, LACMTA has not established any reserve fund and no reserve fund will be established with respect to the Series 2020 Bonds.

***Fourth - Subordinate Obligations Fund.*** As long as any Subordinate Obligations remain unpaid, any Pledged Revenues remaining in the Revenue Fund after the deposits described in First, Second and Third above have been made will be transferred on the same Business Day to the Subordinate Obligations Fund. After the Trustee has made any deposit or payment of Pledged Revenues as in the current month required by the instrument or instruments creating the Subordinate Obligations, the Senior Trustee will transfer any remaining Pledged Revenues back to the Revenue Fund.

***Fifth - Fees and Expenses Fund.*** At the direction of LACMTA, after the deposits described in First, Second, Third and Fourth above have been made, the Senior Trustee will deposit as soon as practicable in each month in the Fees and Expenses Fund (a) amounts necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Liquidity Facility or Credit Enhancement for the Senior Obligations) owing in such month or the following month by LACMTA in connection with the Senior Obligations and (b) amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by LACMTA in connection with Subordinate Obligations.

***Sixth - Junior Subordinate Obligations Fund.*** As long as any Junior Subordinate Obligations remain unpaid, any Pledged Revenues remaining in the Revenue Fund after the deposits or payments described in First, Second, Third, Fourth, and Fifth above have been made will be transferred on the same Business Day to the Junior Subordinate Obligations Fund. After the Senior Trustee has made any deposit or payment of Pledged Revenues as in the current month required by the instrument or instruments creating Junior Subordinate Obligations, the Trustee will transfer any remaining Pledged Revenues back to the Revenue Fund.

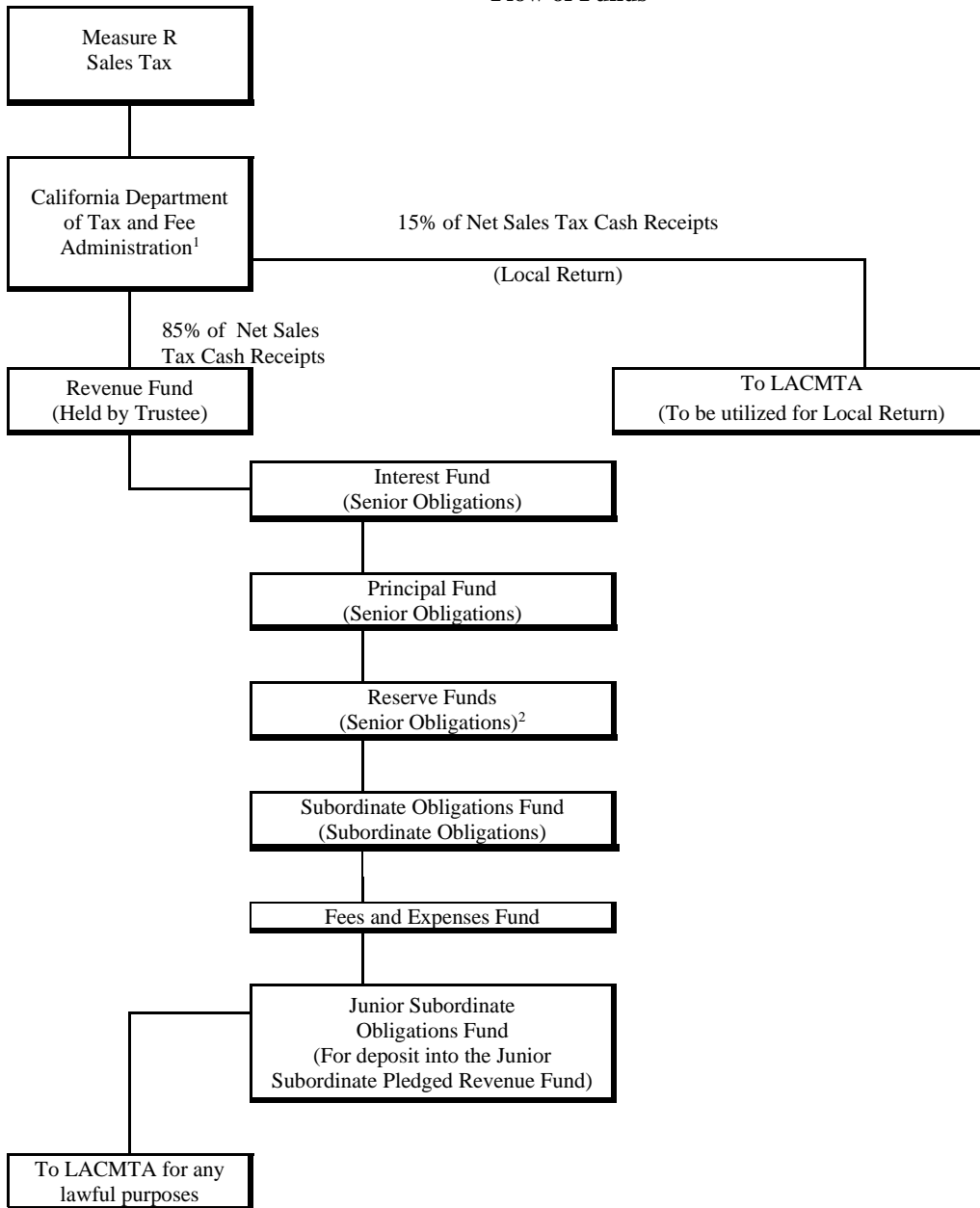
***Seventh – Swap Termination Payments.*** The Senior Trustee shall pay any Swap Termination Payments then due and payable to the applicable counterparty.

The Senior Trust Agreement provides that any Pledged Revenues remaining in the Revenue Fund after the foregoing deposits described in First, Second, Third, Fourth, Fifth, Sixth and Seventh above, will be transferred to LACMTA on the same Business Day or as soon as practicable thereafter, except as otherwise provided in a supplement to the Senior Trust Agreement or as LACMTA may otherwise direct in writing (such direction shall not be inconsistent with any other provision of the Senior Trust Agreement) to be used by LACMTA or transferred as directed by LACMTA in writing for any lawful purpose and after such transfer to LACMTA will be released from the lien of the Senior Trust Agreement and will no longer constitute “Pledged Revenues” under the Senior Trust Agreement.

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The following table provides a graphic presentation of the flow of funds for Measure R Sales Tax cash receipts as of the date of issuance of the Series 2020 Bonds.

**TABLE 1**  
**Measure R Sales Tax**  
**Flow of Funds**



<sup>1</sup> Amounts transferred by CDTFA to the Trustee and LACMTA are net of any refunds and administrative fees paid to CDTFA.

<sup>2</sup> No Reserve Fund was established for the Series 2010 Bonds or the Series 2016-A Bonds.

## **The Series 2020 Bonds Are Not Secured by Any Debt Service Reserve Fund**

No debt service reserve fund will be established under the Trust Agreement for the Series 2020 Bonds.

### **MEASURE R SALES TAX AND COLLECTIONS**

#### **The Measure R 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 two-thirds of the electors voting on the issue. In accordance with the LACMTA Act, on July 24, 2008, LACMTA adopted the Measure R Ordinance which authorizes a retail transactions and use tax for public transit purposes. The Measure R Ordinance was submitted to the electors of the County in the form of Measure R ("Measure R") and approved at an election held on November 4, 2008 by more than two-thirds of the voters. The Measure R Ordinance imposes a tax, effective July 1, 2009, 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 of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions. The retail transactions and use tax imposed by the Measure R Ordinance and approved by the voters with the passage of Measure R is referred to in this Official Statement as the "Measure R Sales Tax." As approved by the voters, the Measure R Sales Tax is limited to 30 years in duration and terminates on June 30, 2039. For the full text of the Measure R Ordinance.

Collection of the Measure R Sales Tax is administered by CDTFA, which imposes a charge for administration. Such charge is based on the actual costs incurred by CDTFA in connection with the administration of the collection of the Measure R Sales Tax. In accordance with the Measure R Ordinance, LACMTA is required to allocate the proceeds of the Measure R Sales Tax as follows:

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**TABLE 2**  
**Allocation of Measure R Sales Tax**

Uses	Percentage
New Rail and/or Bus Rapid Transit Capital Projects	35%
Metrolink Capital Improvement Projects within the County (operations, maintenance and expansion)	3
Metro Rail Capital—System Improvements, Rail Yards and Rail Cars	2
Carpool Lanes, Highways, Goods Movement, Grade Separations and Soundwalls	20
Rail Operations (new transit project operations and maintenance)	5
Bus Operations (County-wide bus service operations, maintenance and expansion)	20
Local Return (allocated to incorporated cities within the County and to the County for the incorporated areas thereof on a per capita basis); Major Street Resurfacing, Rehabilitation and Reconstruction; Pothole Repair; Left Turn Signals; Bikeways; Pedestrian Improvements; Streetscapes; Signal Synchronization; and Transit	<u>15</u>
Total	<u>100%</u> <sup>1</sup>

<sup>1</sup> Up to 1.5% of the Measure R Sales Tax revenues received by LACMTA may be used by LACMTA to pay administrative costs. Administrative costs are payable only from Measure R Sales Tax revenues that have been released to LACMTA and are no longer Pledged Revenues. See. “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Flow of Funds” above.

Source: LACMTA

CDTFA, after deducting the costs of administering the Measure R Sales Tax and disbursing the Local Return to LACMTA, has agreed to remit directly on a monthly basis the remaining Measure R Sales Tax revenues to the Trustee. Any Pledged Tax Revenues remaining after the Trustee makes the required monthly deposits to the Interest Fund, the Principal Fund, any Reserve Fund, the Subordinate Obligations Fund, the Fees and Expenses Fund and the Junior Subordinate Obligations Fund under the Trust Agreement are released to LACMTA to be used by LACMTA for any lawful purposes (subject to the allocation requirements set forth in the Measure R Ordinance). The Series 2020 Bonds do not have a lien on and are not secured by any Pledged Tax Revenues that are released by the Trustee to LACMTA after making such monthly deposits under the Trust Agreement.

The amount retained by CDTFA from collections of Measure R Sales Tax is based on the total local entity cost reflected in the annual budget of the State, and includes direct, shared and central agency costs incurred by CDTFA. The amount retained by CDTFA is adjusted to account for the difference between CDTFA’s recovered costs and its actual costs during the prior two Fiscal Years. For Fiscal Years 2015 through 2019, CDTFA’s fee for administering the Measure R Sales Tax was as follows:

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**TABLE 3**  
**Fee For Administering the Measure R Sales Tax**

<b>Fiscal Year Ended (June 30)</b>	<b>Fee (\$'s in millions)</b>	<b>Percentage of Measure R Sales Tax Revenues</b>
2015	\$8.6	1.1%
2016	9.2	1.2
2017	9.2	1.2
2018	9.0	1.1
2019	8.9	1.0

CDTFA has advised LACMTA that its fee for Fiscal Year 2020 is estimated to be \$9.8 million. LACMTA assumes that the CDTFA fee may increase incrementally each year. CDTFA can change the fee at its discretion in the future.

Under the Agreement, LACMTA covenants that (a) it has duly levied the Measure R Sales tax; and (b) it will not suffer or permit any change, modification or alteration to be made to the LACMTA Act that would materially and adversely affect the rights of the Owners of the Series 2020 Bonds.

Under the LACMTA Act, the State 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 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, the State is not precluded from limiting or altering rights if and when adequate provision has been made by law for the protection of the bondholders or those entering into contracts with LACMTA. Further, such pledge and agreement does not preclude the State from changing the transactions and items subject to the statewide general sales tax and concurrently thereby altering the amount of Measure R Sales Tax collected. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Measure R Sales Tax.”

The 30-year ½ of 1% Measure R Sales Tax imposed by LACMTA in the County is in addition to the general sales tax levied statewide by the State (currently 7.25%), the ½ of 1% sales tax imposed by LACMTA pursuant to Ordinance No. 16 of the Commission known as “Proposition A” (such sales tax is referred to herein as the “Proposition A Sales Tax”), the ½ 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 ½ of 1% (increasing to 1% upon the expiration of the Measure R Sales Tax) sales tax approved by County voters in November 2016 to fund LACMTA transportation projects and operations known as the “Measure M Sales Tax,” the 10-year ¼ of 1% sales tax approved by County voters in March 2017 to fund programs to assist the County’s homeless population known as “Measure H Sales Tax,” and the taxes that apply only within certain cities in the County. The cities of Avalon, Commerce, Downey, El Monte, Inglewood, La Puente, San Fernando, and South El Monte in the County have each enacted a sales tax of ½ of 1% applicable to transactions within their respective city limits, and the cities of Arcadia, Burbank, Covina, Cudahy, Culver City, Glendale, Glendora, Hawthorne, Huntington Park, Lawndale, Pasadena, and Pomona, in the County have each enacted a sales tax of ¾ of 1% applicable to transactions within their respective city limits. The cities of Compton, Long Beach, Lynwood, Pico Rivera, Santa Fe Springs Santa Monica, and South Gate, in the County have enacted a sales tax of 1% applicable to transactions within the city’s limits. The combined various sales taxes described above results in (a) transactions within the County, and outside the cities of Arcadia, Avalon, Burbank, Commerce, Compton, Covina, Cudahy, Culver City, Downey, El Monte, Glendale, Glendora, Hawthorne, Huntington

Park, Inglewood, La Puente, Lawndale, Long Beach, Lynwood, Pasadena, Pico Rivera, Pomona, San Fernando, Santa Monica, South El Monte, South Gate, and Santa Fe Springs, currently being taxed at an effective rate of 9.50%, (b) transactions within the cities of Avalon, Commerce, Downey, El Monte, Inglewood, La Puente, San Fernando, and South El Monte currently being taxed at an effective rate of 10.00%, (c) transactions within the cities of Arcadia, Burbank, Compton, Covina, Cudahy, Culver City, Glendale, Glendora, Hawthorne, Huntington Park, Lawndale, Long Beach, Lynwood, Pasadena, Pico Rivera, Pomona, Santa Monica, and South Gate currently being taxed at an effective rate of 10.25%, and (d) transactions within the city of Santa Fe Springs currently being taxed at an effective rate of 10.50% (the Measure H Sales Tax does not apply to transactions in Compton, Long Beach, Lynwood, Pico Rivera, Santa Monica and South Gate because in those cities the sales tax is already at the maximum allowed by law). These tax rates and the items subject to the Measure R Sales Tax are subject to change. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Measure R Sales Tax” and “—Increases in Sales Tax Rate May Cause Declines in Measure R Sales Tax Revenues.” See also “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—OUTSTANDING DEBT.”

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

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

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## Historical Measure R Sales Tax Collections

The following table presents, among other things, collections of net Measure R Sales Tax revenues and corresponding Pledged Revenues debt service coverage ratios for the Fiscal Years ended June 30, 2010 through June 30, 2019.

**TABLE 4**  
**Historic Net Measure R Sales Tax Revenues**  
**(dollars in millions)**

<b>Fiscal Year Ended June 30</b>	<b>Net Measure R Sales Tax Revenues<sup>1</sup></b>	<b>Annual Percentage Change</b>	<b>Pledged Tax Revenues<sup>2</sup></b>
2010	\$551.5	–	\$468.8
2011	598.6	8.54%	508.8
2012	645.0	7.75	548.3
2013	684.9	6.19	582.1
2014	714.2	4.28	607.1
2015	745.9	4.44	634.0
2016	765.0	2.56	650.2
2017	787.9	2.99	669.7
2018	836.7	6.19	711.2
2019	846.8	1.21	719.8

<sup>1</sup> Reflects Measure R Sales Tax revenues, reported according to accrual basis accounting, as presented in LACMTA's audited financial statements, less the administrative fee paid to CDTFA, but before the Local Return. Rounded to the closest \$100,000.

<sup>2</sup> Reflects Measure R Sales Tax revenues, reported according to accrual basis accounting, as presented in LACMTA's audited financial statements, less the administrative fee paid to the CDTFA and the Local Return. Rounded to the closest \$100,000.

Source: LACMTA

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

**TABLE 5**  
**Selected Actual Measure R Sales Tax Receipts Information<sup>1</sup>**  
(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
December 31, 2019	\$222.3	3.5%	\$868.5	3.8%
September 30, 2019 <sup>2</sup>	219.8	(2.3)	860.9	4.0
June 30, 2019	202.3	6.7	866.2	7.2
March 31, 2019	224.1	8.6	853.4	6.0
December 31, 2018	214.8	4.5	835.7	4.6
September 30, 2018 <sup>2</sup>	225.1	11.4	826.4	4.6
June 30, 2018 <sup>2</sup>	189.5	0.4	803.4	3.0
March 31, 2018	206.4	2.5	802.6	3.3
December 31, 2017	205.4	4.6	797.6	3.8

<sup>1</sup> Unaudited; reported according to cash basis accounting.

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

Source: LACMTA

Historically, the Measure R Sales Tax receipts, on a cash basis for a quarterly period, were determined by Measure R Sales Tax revenues generated by sales activity generally occurring in the last two months of the previous quarter and the first month of the current quarter. For example, for the quarter ending March 31, 2018, receipts generally represented sales activity occurring in November 2017, December 2017 and January 2018. In May 2018, CDTFA implemented a new Centralized Revenue Opportunity System (the "CROS") which changed the allocation schedule and resulted in tax distributions to local governments being accelerated. Measure R Sales Tax receipts, on a cash basis for a quarterly period, are determined by Measure R Sales Tax revenues generated by sales activity generally occurring in the previous quarter, less any amount previously advanced, plus an advance for the first month of the next quarter. For example, for the quarter ending December 31, 2019, reported according to cash basis accounting, Measure R Sales Tax receipts were approximately \$222.3 million, which receipts generally represented sales activity occurring in July, August and September 2019, less the advances previously received for those quarterly sales, plus an advance for October sales (received in December).

Total Measure R Sales Tax receipts on a cash basis for Fiscal Year 2019 were approximately \$866.2 million, compared to \$803.4 million in Fiscal Year 2018. LACMTA's Fiscal Year 2020 budget assumes total Measure R Sales Tax revenues of \$873.0 million (net of CDTFA's administrative fee).

Measure R Sales Tax receipts fluctuate based on general economic conditions within the County. To project future Measure R Sales Tax receipts for budgetary purposes, LACMTA relies on reports from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Therefore, LACMTA is unable to predict with certainty future levels of Measure R Sales Tax receipts. See "RISK FACTORS—Economic Factors May Cause Declines in Measure R Sales Tax Revenues" above.

## Impact of Global COVID-19 Outbreak on Proposition C Sales Tax Collection

[discussion of impact of COVID-19 to be inserted as appropriate before printing]

### MEASURE R SALES TAX OBLIGATIONS

#### General

LACMTA has three priority levels of obligations secured by the Measure R Sales Tax: its Senior Bonds, its Subordinate Obligations and its Junior Subordinate Obligations. In addition, LACMTA has incurred other obligations which are secured by the Measure R Sales Tax that remain after the payment of Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations (including Junior Subordinate Bonds). See “—Other Obligations” below.

#### Debt Service Coverage

The following table presents historical Pledged Tax Revenues and debt service coverage ratios for the Fiscal Years ended June 30, 2011 through June 30, 2019

**TABLE 6**  
**Measure R Pledged Revenues and**  
**Debt Service Coverage**  
**(dollars in millions)<sup>1</sup>**  
**[table to be updated to cover all lien levels]**

<b>Fiscal Year</b>	<b>Pledged Tax Revenues<sup>2</sup></b>	<b>Senior Bonds Debt Service<sup>3,4</sup></b>	<b>Senior Bonds Debt Service Coverage Ratio</b>	<b>Measure R Sales Tax Revenues Remaining After Payment of Senior Bonds</b>
2011	\$508.8	\$20.8	24.5x	\$488.0
2012	548.3	53.7	10.2	494.6
2013	582.1	53.7	10.8	528.4
2014	607.1	53.7	11.3	553.4
2015	634.0	53.7	11.8	580.3
2016	650.2	53.7	12.1	596.5
2017	669.7	79.6	8.4	590.1
2018	711.2	91.9	7.7	619.3
2019	719.8	91.9	7.8	627.9

<sup>1</sup> Dollars rounded to the closest \$100,000.

<sup>2</sup> 85% of Net Measure R Sales Tax revenue (less administrative fee and Local Return). See Table 4 above.

<sup>3</sup> No Subsidy Payments (as defined below) received with respect to the Series 2010-A Bonds are included in calculating the Senior Bonds Debt Service. See “—Outstanding Measure R Sales Tax Obligations—Senior Obligations” below.

Source: LACMTA

#### Senior Obligations

On November 16, 2010, LACMTA issued \$732,410,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2010-A and Series 2010-B (the “Series 2010

Measure R Senior Bonds”) to finance certain transportation projects. These bonds are payable from the Measure R Sales Tax. On November 30, 2016, LACMTA issued \$522,120,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2016-A (the “Series 2016 Measure R Senior Sales Tax Revenue Bonds,” and together with the Series 2010 Measure R Senior Bonds, the “Measure R Senior Bonds”) to finance certain transportation projects and to refund certain outstanding Measure R Subordinate Revolving Obligations (defined below). As of March 1, 2020, LACMTA had (i) \$594,870,000 aggregate principal amount of the Series 2010 Bonds outstanding and (ii) \$485,200,000 aggregate principal amounts of the 2016-A Bonds outstanding, both of which are fixed rate bonds. As of the date of this Official Statement, LACMTA has no Senior Parity Obligations outstanding.

LACMTA designated the Series 2010-A Bonds as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009 (the “Stimulus Act”). LACMTA receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the Series 2010-A Bonds (the “Subsidy Payments”). Due to federal funding reductions that began in Fiscal Year 2013, the Subsidy Payments received by LACMTA over the last [three] Fiscal Years have only been approximately 33% of the interest payable on the Series 2010-A Bonds. LACMTA has not undertaken or made any covenant for the benefit of the holders of the Series 2010-A Bonds to comply with any conditions to receive the Subsidy Payments or to maintain its right to retain or receive Subsidy Payments in respect of the Series 2010-A Bonds. The Subsidy Payments are not part of Pledged Revenues and have not otherwise been pledged by LACMTA to the payment of debt service on the Series 2010-A Bonds. LACMTA does not use any of the Subsidy Payments to pay debt service on the Series 2010-A Bonds (or any other Senior Bonds). LACMTA is obligated to make all payments of principal of and interest on the Series 2010-A Bonds from Pledged Revenues whether or not it receives the Subsidy Payments.

LACMTA may issue additional Senior Bonds and other Senior Obligations upon the satisfaction of certain conditions contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Measure R Sales Tax Obligations—Senior Obligations.” The Short Range Financial Forecast assumes the issuance and/or incurrence of approximately \$2.7 billion in additional Senior Obligations and/or Subordinate Obligations from Fiscal Year 2021 through Fiscal Year 2030. For further discussion of the Short Range Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

### **Subordinate Obligations**

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

Under the Short-Term Borrowing Program, LACMTA may issue and have outstanding, from time to time, up to \$150,000,000 in aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Revolving Obligations (the “Measure R Subordinate Revolving Obligations”), which are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Series C Bonds (defined below), and on a senior basis to the TIFIA Loan Agreements. As of March 1, 2020, LACMTA had approximately \$106 million in Measure R Subordinate Revolving Obligations outstanding. The Measure R Subordinate Revolving Obligations issued by LACMTA are purchased by (i) State Street Public Lending Corporation, in a principal amount not to exceed \$100,000,000, in accordance with the terms of a revolving credit agreement (the “State Street Revolving Credit Agreement”), and (ii) Bank of the West, in a principal amount not to exceed \$50,000,000, in accordance with the terms of a revolving credit agreement (the “Bank of the West Revolving Credit Agreement,” and together with the State Street Revolving Credit Agreement, the “Measure R Subordinate

Revolving Credit Agreements”). The Measure R Subordinate Revolving Obligations bear interest at variable rates determined pursuant to the terms of the Measure R Subordinate Revolving Credit Agreements. Except as otherwise provided in the Measure R Subordinate Revolving Credit Agreements, the principal of all Measure R Subordinate Revolving Obligations outstanding are due and payable on November 20, 2020. However, subject to the terms of the Measure R Subordinate Revolving Credit Agreements, on November 20, 2020, LACMTA can convert any outstanding Measure R Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following November 20, 2020.

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

**Measure R Subordinate Revolving Obligations**

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

<sup>1</sup> As of March 1, 2020, \$50,000,000.00 aggregate principal amount of Bank of the West Measure R Revolving Obligations were outstanding.

<sup>2</sup> As of March 1, 2020, \$15,212,743.45 aggregate principal amount of State Street Measure R Revolving Obligations were outstanding.

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

Source: LACMTA

In addition to the Measure R Subordinate Revolving Obligations, under the Short-Term Borrowing Program, LACMTA entered into a bond purchase agreement dated November 23, 2015 with RBC Capital Markets LLC (the “Measure R Series C Underwriter”) to sell, from time to time until November 2020, up to \$150,000,000 aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable) (the “Measure R Subordinate Series C Bonds,” and together with the Measure R Subordinate Revolving Obligations, the “Measure R Subordinate Obligations”) to the Measure R Series C Underwriter, subject to the terms of such bond purchase agreement. The Measure R Series C Underwriter in turn sells the Measure R Subordinate Series C Bonds to RBC Municipal Products, LLC. The Measure R Subordinate Series C Bonds are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Revolving Obligations, and on a senior basis to the TIFIA Loan Agreements. As of March 1, 2020, LACMTA had \$40,810,000 aggregate principal amount of Measure R Subordinate Series C Bonds outstanding. The Measure R Subordinate Series C Bonds bear interest at variable rates. Except as otherwise provided in the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, as amended, by and between LACMTA and U.S. Bank National Association, as trustee, and the Bondholder’s Agreement, dated as of November 1, 2015, by and between LACMTA and RBC Municipal Products, LLC, the principal of all Measure R Subordinate Series C Bonds outstanding are due and payable in twelve equal quarterly installments commencing in February 2021 and ending in November 2023.

**Outstanding Junior Subordinate Obligations**

In addition to the outstanding Senior Obligations and Subordinate Obligations described above, LACMTA has entered into the Primary TIFIA Loan Agreements. See “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding.”



As of March 1, 2020, LACMTA had drawn \$1,091,500,546 in proceeds across the Primary TIFIA Loan Agreements and had \$1,128,855,260 currently outstanding (including accrued interest that has been added to the outstanding principal amount in accordance with the terms of the Primary TIFIA Loan Agreements). As of March 1, 2020, LACMTA had \$231,499,454 in undrawn amounts under certain of the Primary TIFIA Loan Agreements.

LACMTA does not presently have any Junior Subordinate Bonds outstanding.

LACMTA expects that upon issuance of the Series 2020-A Bonds, some or all of the Primary TIFIA Loan Agreements will be repaid in full. See “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding.”

### **Other Obligations**

In addition to the Primary TIFIA Loan Agreements described above, LACMTA has entered into the Secondary TIFIA Loan Agreement, which is payable from Measure R Sales Tax revenues on a basis subordinate to the Junior Subordinate Obligations. As of March 1, 2020, LACMTA had drawn all \$545.9 million in proceeds under the Secondary TIFIA Loan Agreement and had \$600.8 million currently outstanding (including accrued interest that has been added to the outstanding principal amount in accordance with the terms of the Secondary TIFIA Loan Agreement).

LACMTA expects that upon issuance of the Series 2020-B Bonds, the Secondary TIFIA Loan Agreement will be repaid in full. See “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding.”

### **Policy Limits on Additional Debt**

Besides the limitation of the additional bonds test noted under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Measure R Sales Tax Obligations,” the Board has adopted a debt policy that set limits on the amount of debt secured by the Measure R Sales Tax that can be issued.

This debt policy is reviewed periodically, and sets limits on debt service as a percentage of the use of sales tax revenues for certain allocations of expenditures as set forth in the Measure R Ordinance, 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 the current debt policy, payment of debt service with Measure R Sales Taxes is subject to the following limitations: only 87% of the Measure R 35% (new rail and/or bus rapid transit capital projects) category may be used to pay debt service; only 60% of the Measure R 20% (carpool lanes, highways, goods movement, grade separations and soundwall projects) category may be used to pay debt service; only 87% of the Measure R 2% (Metro rail capital) category may be used to pay debt service; and only 87% of the Measure R 3% (Metrolink capital improvement projects) category may be used to pay debt service. The Board may modify the debt policy to allow the issuance of a greater amount of debt secured by the Measure R Sales Tax in the future.

Notwithstanding the Board adopted debt policy, 100% of Measure R Sales Taxes remaining after the payment of administrative fees to CDTFA and the distribution of the Local Return are pledged to the payment of the principal and interest on the Measure R Obligations.

**COMBINED SENIOR BONDS DEBT SERVICE SCHEDULE**

The following table shows the combined debt service requirements on LACMTA’s Senior Bonds, Subordinate Obligations and the Series 2020 Bonds. [table to include other junior subordinate obligations]

**TABLE 7  
Los Angeles County Metropolitan Transportation Authority  
Combined Measure R Debt Service Schedule<sup>1</sup>**

<b>Bond Years Ending July 1</b>	<b>Currently Outstanding Senior Bonds Debt Service<sup>2</sup></b>	<b>Subordinate Obligations Debt Service</b>	<b>Series 2020 Bonds Debt Service</b>			<b>Combined Total Debt Service</b>
			<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	
2020	\$	\$	\$	\$	\$	\$
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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

<sup>2</sup> Includes debt service on the Refunded Bonds, which will be defeased on the date of issuance of the Series 2020 Bonds. See “PLAN OF FINANCE AND REFUNDING AND APPLICATION OF THE SERIES 2020 BOND PROCEEDS—Use of Proceeds; Plan of Finance and Refunding.”

Source: LACMTA and Montague DeRose & Associates, 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 2020 Bonds, the imposition and collection of the

Measure R Sales Tax or the pledge of the Pledged Revenues. See “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION.”

## **LEGAL MATTERS**

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to LACMTA. The proposed form of the opinion to be delivered by Bond Counsel is attached hereto as APPENDIX E. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA. Certain legal matters will be passed upon for the Underwriters by their counsel, [\_\_\_\_\_]. The aforementioned entities undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **TAX MATTERS**

### **Federal Tax Exemption**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to LACMTA, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by LACMTA with certain covenants in the Trust Agreement, the Tax Certificate and other documents pertaining to the Series 2020 Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), regarding the use, expenditure and investment of proceeds of the Series 2020 Bonds and the timely payment of certain investment earnings to the United States, interest on the Series 2020 Bonds is not included in the gross income of the owners of the Series 2020 Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Series 2020 Bonds to be included in gross income retroactive to the date of issuance of the Series 2020 Bonds.

In the further opinion of Bond Counsel, interest on the Series 2020 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Series 2020 Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate or other documents pertaining to the Series 2020 Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Series 2020 Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the Series 2020 Bonds for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of LACMTA described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the Series 2020 Bonds is commenced, under current procedures the IRS is likely to treat LACMTA as the "taxpayer," and the owners of the Series 2020 Bonds would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the Series 2020 Bonds, LACMTA may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the Series 2020 Bonds could adversely affect the value and liquidity of the Series 2020 Bonds during the pendency of the examination, regardless of its ultimate outcome.

### **Tax Accounting Treatment of Series 2020 Bond Premium and Original Issue Discount**

**Series 2020 Bond Premium.** To the extent a purchaser acquires a Series 2020 Bond at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation.

**Original Issue Discount.** The excess, if any, of the stated redemption price at maturity of Series 2020 Bonds of a particular maturity over the initial offering price to the public of the Series 2020 Bonds of that maturity at which a substantial amount of such Series 2020 Bonds is sold to the public is "original issue discount." Original issue discount accruing on a Series 2020 Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such Series 2020 Bond. Original issue discount on a Series 2020 Bond purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the Series 2020 Bonds is sold to the public accrues on a semiannual basis over the term of the Series 2020 Bond on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a Series 2020 Bond accruing during each period is added to the adjusted basis of such Series 2020 Bond, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such Series 2020 Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase Series 2020 Bonds other than at the initial offering price and pursuant to the initial public offering.

Bond Counsel is not opining on the accounting for or consequence to a Series 2020 Bond purchaser of bond premium or original issue discount. Accordingly, persons considering the purchase of Series 2020 Bonds with bond premium or original issue discount should consult with their own tax advisors with respect to the determination of bond premium or original issue discount on such Series 2020 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Series 2020 Bonds.

### **Information Reporting and Backup Withholding**

Interest paid on the Series 2020 Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect

the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2020 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

### **State Tax Exemption**

In the further opinion of Bond Counsel, interest on the Series 2020 Bond is exempt from personal income taxes imposed by the State of California.

### **Future Developments**

Existing law may change to reduce or eliminate the benefit to owners of the Series 2020 Bonds of the exclusion of the interest on the Series 2020 Bonds from gross income for federal income tax purposes or of the exemption of interest on the Series 2020 Bonds from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the Series 2020 Bonds is included in APPENDIX E hereto.

### **MUNICIPAL ADVISOR**

LACMTA has retained Montague DeRose & Associates, LLC, as Municipal Advisor (the “Municipal Advisor”) for the sale of the Series 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

### **FINANCIAL STATEMENTS**

The financial statements of LACMTA for the Fiscal Year ended June 30, 2019 and the Management’s Discussion and Analysis and certain supplementary information, and the Independent Auditors’ Report of Crowe LLP, independent accountants, dated December 19, 2019 (collectively, the “2019 Financial Statements”) are included as “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.” The 2019 Financial Statements, included in this Official Statement, have been audited by Crowe LLP, independent accountants, as stated in their Report appearing in APPENDIX B. LACMTA has not requested, nor has Crowe LLP given, Crowe LLP’s consent to the inclusion in APPENDIX B of its Report on such 2019 Financial Statements. In addition, Crowe LLP has not performed any post-audit review of the financial condition of LACMTA and has not reviewed this Official Statement.

## CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

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

## CONTINUING DISCLOSURE

[At the time of issuance of the Series 2020 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 2020 Bonds to provide certain financial information and operating data relating to LACMTA by not later than 195 days after the end of the prior Fiscal Year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. See “APPENDIX F— FORM OF CONTINUING DISCLOSURE CERTIFICATE.” LACMTA has become aware that some information that was made available in a timely manner on the EMMA System pursuant to LACMTA’s continuing disclosure obligations was not linked to the CUSIP numbers for all affected series of bonds. LACMTA has corrected this issue. In addition, LACMTA has become aware that in a few instances, notices of changes in ratings on some of its bonds were not filed in a timely manner. LACMTA has made corrective filings regarding these ratings changes.]

## UNDERWRITING

The Series 2020 Bonds will be purchased by [\_\_\_\_\_] [and the other underwriters identified on the cover of this Official Statement (the “Underwriter[s]”) at a price of \$\_\_\_\_\_ (which amount represents the principal amount of the Series 2020 Bonds of \$\_\_\_\_\_, plus/minus a [net] original issue premium/discount of \$\_\_\_\_\_, and less an underwriters’ discount of \$\_\_\_\_\_ subject to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2020 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Series 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2020 Bonds to certain dealers and others at yields higher or prices lower than the public offering yields and/or prices stated on the inside cover page of this Official Statement, and such public offering yields and/or prices may be changed from time to time by the Underwriters.

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

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

**[Retail distribution letters and related party transactions?]**

**RATINGS**

\_\_\_\_\_ (“\_\_\_”) has assigned a rating of “[\_\_\_]” [(\_\_\_ outlook)] and \_\_\_\_\_ (“\_\_\_\_\_”) has assigned a rating of “[\_\_\_]” [(\_\_\_ outlook)] to the Series 2020 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: [\_\_\_\_\_]. 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 2020 Bonds any announcement regarding the outlook of any rating agency with respect to the Series 2020 Bonds. Any downward revision or withdrawal or announcement of negative outlook could have an adverse effect on the market price of the Series 2020 Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information by assigning agencies.

**ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of the Treasurer of the Los Angeles County Metropolitan Transportation Authority, One Gateway Plaza, Los Angeles, California 90012, Attention: Treasury Department, Email: TreasuryDept@metro.net, Telephone: (213) 922-2554, or from LACMTA’s Municipal Advisor, Montague DeRose & Associates, LLC, 2801 Townsgate Road, Suite 221; Westlake Village, California 91361, Telephone: (805) 496-2211. 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 2020 Bonds.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

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

## APPENDIX A

### LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

#### GENERAL

*Prospective purchasers of the Series 2020 Bonds should be aware that the following discussion of the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is intended as general information only. The Series 2020 Bonds are limited obligations of LACMTA payable from Pledged Revenues, which consist primarily of proceeds of the Measure R Sales Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS.”*

#### **Establishment; Jurisdiction**

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is the largest public transit operator west of Chicago. As the principal transit provider in the southern California region, LACMTA serves about 75% of all transit trips within its 1,433 square mile service area, carrying an estimated 870,000 passengers per weekday on buses and nearly 290,000 passengers on rail for the quarter ended December 31, 2019. LACMTA operates four light rail lines, serving 80 stations along 80 miles of track and two heavy rail lines that serve 16 stations along 17.4 miles of track. In addition to the transit services provided by LACMTA, it also provides funding to 40 other municipal operators that offer fixed route service and more than 100 other local return and non-profit agencies that provide community-based transportation. LACMTA also provides highway construction funding and traffic flow management.

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. LACMTA 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, 2008, the voters of the County approved the Measure R Sales Tax pursuant to the Measure R Ordinance. The Measure R Sales Tax is in addition to a ½ of 1 percent sales tax imposed by LACMTA beginning in 1980 known as “Proposition A Sales Tax” and a ½ of 1 percent sales tax imposed by LACMTA beginning in 1990 known as “Proposition C Sales Tax” and a ½ of 1 percent sales tax imposed by LACMTA beginning in 2017 known as “Measure M Sales Tax.”

#### **Board of Directors**

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



The Board of LACMTA exclusively exercises and discharges the following powers and responsibilities: (a) establishment of overall goals and objectives, (b) adoption of the aggregate budget for all of its organizational units, (c) designation of additional municipal bus operators under criteria enumerated in 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.

**James T. Butts, Jr., Chair.** Mr. Butts was elected as Mayor of the City of Inglewood on January 11, 2011 and reelected in November 2014 and November 2018. Mr. Butts has more than 39 years of public safety and municipal government experience. He has held the rank of general manager or assistant general manager of large and complex municipal organizations for the past 27 years. He served 19 years in the Inglewood Police Department rising to the rank of Deputy Chief, 15 years as the Chief of Police for the City of Santa Monica, and 5 years as an Assistant General Manager for the Los Angeles World Airport system in charge of Public Safety and Counter-Terrorism. Mr. Butts received a Bachelor of Science degree in Business Administration from California State University, Los Angeles and a master's degree in Business Administration from California Polytechnic University in Pomona.

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

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

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

**Mike Bonin.** Mr. Bonin was elected to Los Angeles City Council in July 2013 and reelected in March 2017 to represent the Eleventh District. He was appointed to the Board by Mayor Garcetti in July 2013 and acts as Chair of the City Council's Transportation Committee and as Vice Chair of the Metro Exposition Line Construction Authority. Previously, Mr. Bonin served as chief deputy to former Councilmember Bill Rosendahl. In that role, he was an alternate member on the Board of the Metro Exposition Line Construction Authority and a Co-Chair of the North Runway Safety Advisory Committee. He has also served as district director for U.S. Congresswoman Jane Harman and deputy chief of staff for Councilmember Ruth Galanter and is co-founder and program director of Camp Courage, a training program for LGBT community organizers. Mr. Bonin received his B.A. in U.S. History from Harvard University.

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

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

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

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

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

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

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

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

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

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

## **Management**

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

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

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

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

## **Public Transportation Services Corporation**

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

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

## TRANSPORTATION SERVICES

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

**[discussion of impact of COVID-19 to be inserted as appropriate before printing]**

### Bus System

LACMTA operates the second largest bus system in the United States. LACMTA provides bus service within its service area in the County and to portions of Orange and Ventura Counties, operating a vehicle fleet of approximately 2,300 buses. LACMTA's bus system covers over 160 routes and serves approximately 14,000 bus stops, including two premium bus rapid transit dedicated busways. System-wide, LACMTA buses provide approximately 6.4 million revenue service hours annually with an average of approximately 830,000 boardings per weekday on a system-wide basis for the fiscal quarter ended December 31, 2019 and total boardings of 65.7 million for the fiscal quarter ended December 31, 2019, including Orange Line busway ridership. In addition, LACMTA contracts with outside service providers, with an average of approximately 40,000 boardings per weekday for the fiscal quarter ended December 31, 2019 and total boardings of 3.1 million for the fiscal quarter ended December 31, 2019. Virtually all of LACMTA's bus fleet is composed of compressed-natural gas ("CNG") powered buses. As of February 1, 2020, the average age of LACMTA's bus fleet was approximately 9.08 years. At the October 27, 2016 Board meeting, the Board approved a motion calling for staff to draw up plans to fully electrify LACMTA's Orange Line by 2020. LACMTA received a \$4.3 million grant from the US Department of Transportation to partially fund the acquisition of five new 60-foot electric buses and eight new charging stations to be utilized on the Orange Line. In July, 2017, LACMTA Board approved the purchase of approximately 95 electric buses to be added to its fleet and committed to converting the entire fleet to zero emission vehicles by 2030.

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

***Metro Orange Line.*** The Metro Orange Line is an 18-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 18 stations, each located roughly one mile apart, with park and ride facilities at seven stations providing approximately 4,700 parking spaces. The

Metro Orange Line Extension Project, which opened in June 2012, extended the Orange Line four-miles north from the Canoga park-and-ride lot to the Chatsworth Amtrak/Metrolink Station.

### **Highway/ExpressLanes System**

The ExpressLanes Program is a cooperative effort between Caltrans and LACMTA, and was originally funded through a combination of federal, State and local resources. As part of a congestion reduction demonstration program, LACMTA converted I-10 and I-110 High Occupancy Vehicle (“HOV”) Lanes to Express Lanes and provided the choice for drivers of single occupant vehicles to pay to travel in a high occupancy lane, based on dynamic congestion pricing. The general purpose lanes on these highways are not tolled. Current funding is provided by toll revenues generated by the Express Lanes. This program also includes improvements to the transit service along the freeways, and has funded transit facility and roadway improvements and provided funding to enhance system connectivity. In early 2017, LACMTA Board approved a plan to convert additional existing HOV lanes to ExpressLanes in phases over the next 30 years.

### **Rail System**

**General.** In 1992, the Commission developed a comprehensive rail rapid transit system development plan (the “Rail System”) which has been revised from time to time. The Rail System currently consists of four light rail lines: the Metro Blue Line, the Metro Green Line, the Metro Gold Line (including the Gold Line Eastside Extension) and the Exposition Line; and two heavy rail lines: Metro Red Line and the Metro Purple Line. The Rail System covers 98 miles and serves 93 stations, with weekday estimated ridership of approximately 325,000 for the fiscal quarter ended December 31, 2019.

**Metro Blue Line (A Line).** The Metro Blue Line is an approximately 22 mile light rail line that extends from downtown Los Angeles, where it links to the Metro Red Line, to the City of Long Beach. The Metro Blue Line passes through portions of the cities of Los Angeles, Long Beach, Compton, Carson and other cities, and certain unincorporated areas of the County. The Metro Blue Line consists of a dual-track line with 22 stations, with a fleet of 54 articulated rail cars and a primary maintenance facility (which also supports vehicles from the Metro Green Line) and yard located in Long Beach adjacent to the Long Beach Freeway with a storage and maintenance capacity of 89 vehicles. Passenger service began in July 1990. The Metro Blue Line had estimated ridership of approximately 2.7 million for the fiscal quarter ended December 31, 2019 (ridership was lower than in past periods because a portion of the Metro Blue Line has been closed as a result of construction).

**Metro Green Line (C Line).** The Metro Green Line is a 19.5-mile light rail line linking the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk near the San Gabriel River Freeway. The Metro Green Line has 14 stations including a station that intersects the Metro Blue Line and one that provides passenger connections to the Harbor Freeway Transitway, an elevated busway developed by Caltrans. The Metro Green Line began operations in August 1995, and had estimated ridership of approximately 2.3 million for the fiscal quarter ended December 31, 2019.

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

Azusa. Estimated ridership for the entire Metro Gold Line was approximately 3.6 million for the fiscal quarter ended December 31, 2019.

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

***Exposition Line (E Line).*** The Exposition Line is an approximately 13.1 mile long light rail line that runs from downtown Los Angeles to Santa Monica along the Exposition Boulevard corridor. The first portion of the Exposition Line opened in June 2012 and extended approximately 8.6 miles from downtown Los Angeles to Culver City. The second portion, which began revenue operations in May 2016, extends 6.6 miles westward from Culver City to downtown Santa Monica and added seven stations to the Exposition Line. Estimated ridership for the Exposition Line was more than 4.2 million for the fiscal quarter ended December 31, 2019.

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

The Metro Red Line was constructed in segments. Segment 1 from Union Station to Alvarado Street opened in January 1993. Segment 2 extended west from Alvarado Street to Vermont Avenue where it branches north to Hollywood Boulevard/Vine Street and west to Wilshire Boulevard/Western Avenue. The west branch became operational in July 1996 and was renamed the Purple Line in August 2006. Segment 3 extending the north branch from Hollywood/Vine to North Hollywood opened in June 2000. The Red Line is 14.9 miles long with 14 stations. LACMTA is in the process of extending the Metro Purple Line from its current terminus at Wilshire/Western to the westside of Los Angeles. This project is described under “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” below. Estimated ridership for the entire Metro Red and Purple Lines was approximately 10.3 million for the fiscal quarter ended December 31, 2019.

***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 538 miles and 61 stations and is primarily geared toward providing commuter rail service from outlying communities to downtown Los Angeles. LACMTA is the Los Angeles County participant in SCRRA and contributes funds to SCRRA. Other participants include the Orange County Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Association of Governments and the Ventura County Transportation Authority.

## **Transit System Enterprise Fund**

LACMTA accounts for the revenues and expenses of its transit system as an enterprise fund, separate from accounting of its governmental funds, such as the Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues. See “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.” As indicated in APPENDIX B and as is generally true with large transit systems, the operating expenses for LACMTA’s transit system greatly exceed operating revenues. The Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues are a primary source of funding for the transit system. Additionally, LACMTA relies heavily on other local, State and federal sources to pay for operating expenses and capital improvements. LACMTA is currently undertaking future transit improvements to the transit system, which require substantial investment and increase operating costs. As the system expands, LACMTA is committed to looking for additional revenue sources, to re-prioritize existing and new programs, and to regularly reassessing the service provided to minimize duplication and improve efficiency. Proposition C Sales Tax revenues are available to pay operating expenses only after debt service on the Senior Bonds and certain other amounts are paid. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Flow of Funds.”

### **FUTURE TRANSPORTATION IMPROVEMENTS**

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

### **Capital Planning**

In October 2009, the Board approved a 2009 Long Range Transportation Plan (“2009 LRTP”) which updated the prior Long Range Transportation Plan. LACMTA’s capital program is built on two major planning documents, the Long Range Transportation Plan, which has a 40-year vision and a financial forecast component, most recently updated for the Board in October, 2017 (as updated, the “LRTP Financial Forecast”), and the Short Range Financial Forecast, a fifteen-year plan last updated for the Board in November 2019 and guiding capital investment through 2034. These plans incorporate the mix of projects approved by voters in concert with the four sales tax measures that fund a large share of Metro’s operations and capital programs, and are amended as needed to reflect ongoing changes to project costs, revenue and expense projections, and actual financial results. Annually, LACMTA’s Office of Management and Budget reviews the active projects called for in the LRTP Financial Forecast and the Short Range Financial Forecast, and prepares a proposed budget recommending project appropriations as part of the annual Capital Program, which is incorporated within the overall annual agency budget.

The LRTP Financial Forecast reflects LACMTA’s assessment of growth patterns, regional congestion, strategies to improve local air quality, transit-oriented development, the latest technical assumptions and climate change issues (as determined in the 2009 LRTP), and incorporates both the Measure R and Measure M “Expenditure Plans,” which identify the projects and programs to be pursued, and the amount and timing of sales tax expenditures. The 2009 LRTP is being updated and a new Long Range Transportation Plan is expected to be adopted in 2020.

The Short Range Financial Forecast is a fifteen-year component of the LRTP Financial Forecast and reflects LACMTA’s financial plan for operations and capital investments into the transit system and identifies a funding strategy from future transportation revenues. The Short Range Financial Forecast



includes a financial baseline that addresses LACMTA’s current and known future operations, maintenance and capital financial commitment under a set of growth assumptions.

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

The Short Range Financial Forecast, and the subsequent updated financial forecasts include projections of debt financing by LACMTA composed of a combination of Proposition A, Proposition C, Measure R and Measure M secured debt. The Short Range Financial Forecast updates the assumptions about debt issuance and assumes approximately \$12.4 billion in new long-term debt financing from Fiscal Year 2021 through Fiscal Year 2030, not including the TIFIA Loan Agreements described under “—Transit Projects” below, capital grant receipt revenue debt, or toll revenue debt. The Short Range Financial Forecast assumes the funding of approximately \$924.5 million, \$1.6 billion, \$2.7 billion, and \$7.2 billion through the issuance of additional Proposition A First Tier Senior Lien Bonds, Proposition C Senior Bonds, Measure R Senior Bonds, and Measure M Senior Bonds respectively, from Fiscal Year 2021 through Fiscal Year 2030.

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

## **Transit Projects**

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

***Crenshaw/LAX Transit Project.*** The Crenshaw/LAX Transit Project is a north/south corridor that serves the cities of Los Angeles, Inglewood, Hawthorne and El Segundo as well as portions of unincorporated Los Angeles County. The line extends 8.5 miles, from the intersection of Crenshaw and Exposition Boulevards to a connection with the Metro Green Line at the Aviation/LAX Station. The total project budget is currently \$2.06 billion. The costs of the project are expected to be paid from Measure R Sales Tax revenues, Proposition A Sales Tax revenues, Proposition C Sales Tax revenues, other local sources, and federal and State sources. The project has received a \$545.9 million TIFIA loan, which is to be repaid from available Measure R Sales Tax. LACMTA has drawn the full amount of such TIFIA loan.

***Regional Connector.*** The Regional Connector is a 1.9-mile light rail line with three underground stations in downtown Los Angeles. The Project will provide a direct connection from the 7th/Metro Center Station to the existing Metro Gold Line tracks to the north and east of 1st and Alameda. This connection will provide through service between the Metro Blue Line, Metro Gold Line and Metro Exposition Line

corridors. The total project budget is currently \$1.81 billion. LACMTA has been awarded a \$669.9 million federal grant for the Regional Connector project. Additionally, the project has received a \$160 million TIFIA loan, which is to be repaid from Measure R Sales Tax revenues. As of March 1, 2020, LACMTA has drawn down \$141.9 million of the TIFIA loan proceeds. The remaining project costs are expected to be paid from federal, State and local sources (other than Proposition C Sales Tax Revenues).

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

Section 1 of the Purple Line Extension is currently under construction and extends the existing Metro Purple Line by 3.92 miles beginning at the Wilshire/Western Station to the City of Beverly Hills and adds three stations, including Wilshire/La Brea, Wilshire/Fairfax and the Phase 1 terminus at Wilshire/La Cienega. The total budget for Section 1 of the Purple Line Extension is \$2.53 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.25 billion federal grant and has entered into an agreement for an \$856 million TIFIA loan, to be repaid from Measure R Sales Tax revenues, with respect to Section 1 of the Purple Line Extension. As of March 1, 2020, LACMTA had drawn down \$642.6 million of such TIFIA loan proceeds. The remaining project costs for Section 1 are expected to be paid from Measure R Sales Tax revenues, State sources and other local sources (other than Measure R Sales Tax Revenues).

Section 2 of the Purple Line Extension is currently under construction and extends the Metro Purple Line by 2.59 miles beginning at the future Section 1 Wilshire/La Cienega Station to Century City and adds two new stations, including Wilshire/Rodeo and the Phase 2 terminus at Century City/Constellation. The total budget for Section 2 of the Purple Line Extension is \$2.28 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.187 billion federal grant and has entered into an agreement for a TIFIA loan for \$307 million to be repaid from Measure R Sales Tax revenues. [As of March 1, 2020, LACMTA had drawn down \$207 million of such TIFIA loan proceeds.] The remaining project costs for Section 2 are expected to be paid from Measure R Sales Tax revenues, other Federal sources, and State sources.

Section 3 of the Purple Line Extension will extend the Metro Purple Line by 2.56 miles beginning at the future Section 2 Century City/Constellation Station to the Westwood VA Hospital and adds two new stations, including Westwood/UCLA and the Phase 3 terminus at Westwood/VA Hospital. The budget for Section 3 of the Purple Line Extension is \$2.75 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.3 billion federal grant and the remaining funds are expected to come from other sources (other than Measure R Sales Tax revenues).

***Gold Line Foothill Extension.*** The Metro Gold Line Phase 2B Project proposed extending the Metro Gold Line light rail system east from Azusa to Claremont, and potentially extending the line to Montclair. However, due to unfavorable economic conditions affecting bid prices, the project is now expected to build out to an interim terminus at Pomona. LACMTA is working with the Gold Line Foothill Extension Construction Authority (“GLFECA”), an independent transportation planning and construction agency created in 1999 and tasked with designing and constructing the line. Once built, LACMTA will operate it in conjunction with existing LACMTA rail services. The total project budget for the phase 1 extension to Claremont is \$1.4 billion. Project costs are expected to be paid primarily from Measure M Sales Tax Revenues and State sources. LACMTA staff is working with the GLFECA to seek funding to extend the project to Claremont. LACMTA will also coordinate with the GLFECA and San Bernardino County to support their development of an option to Montclair.

## LABOR RELATIONS

### General

As of January 1, 2020, LACMTA had approximately 9,972 employees, of which approximately 84% are covered by labor agreements. Full and part-time LACMTA bus and train operators are represented by the Sheet Metal, Air, Rail, Transportation, Transportation Division (formerly United Transportation Union) (“SMART-TD”); LACMTA mechanics and service attendants are members of the Amalgamated Transit Union (“ATU”); LACMTA clerks are members of the Transportation Communications Union (“TCU”); bus and rail transportation and maintenance supervisors are members of the American Federation of State County and Municipal Employees (“AFSCME”); and LACMTA security guards are members of the Teamsters Union. The following table summarizes the number of employees covered by the labor agreements of LACMTA with each of its employee bargaining units as of January 1, 2020 and the current expiration dates of the labor agreements. In July 2017, LACMTA signed five new contracts with its labor unions, the longest contracts in LACMTA’s history. Most of these contracts provide for annual salary increases of 4.2% over the five-year life of the contracts.

<u>Employee Bargaining Unit</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Sheet Metal, Air, Rail and Transportation Division	4,084	06/30/22
Amalgamated Transit Union	2,415	06/30/22
Transportation Communications Union	894	06/30/22
Am. Fed. of State, County and Municipal Employees	798	06/30/22
Teamsters Union	141	06/30/22

### Defined Benefit Pension Plan

LACMTA has a single-employer public employee retirement system that includes five defined benefit plans (the “Plans”) that cover substantially all employees (except PTSC employees) and provides retirement, disability, and death benefits. The benefit provisions and all other requirements are established by State statute, ordinance, collective bargaining agreements or Board actions. Four of the Plans are restricted to specific union members, while the fifth provides benefits to non-represented employees and to members of the Teamsters Union. In addition, LACMTA provides pension benefits to most PTSC employees through a defined benefit plan administered by the California Public Employees’ Retirement System (“PERS”), a multiple-employer pension system. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. For a description of these defined benefit plans and LACMTA’s obligations to make contributions to these plans, see “Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans” in the Notes to the Financial Statements and related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

### 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. 74 and No. 75, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” and “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” respectively, LACMTA is required to account for its expenses and a portion of the present value of future expenses related to these benefits. For a description of these benefits, LACMTA’s obligations to account for certain

projected future costs of these benefits and other matters regarding these benefits, see “Note III—DETAILED NOTES ON ALL FUNDS—J. Other Postemployment Benefits (OPEB)” in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

## OUTSTANDING DEBT

### General

In addition to obligations issued by LACMTA that are secured by Measure R Sales Tax, LACMTA has issued debt secured by the Proposition A Sales Tax, the Proposition C Sales Tax, and other revenues of LACMTA, and may issue additional obligations so secured upon satisfaction of certain additional bonds tests in the applicable trust agreements providing for the issuance such debt. The Series 2020 Bonds are secured by and payable from the Measure R Sales Tax, and are not secured by or payable from the Proposition A Sales Tax, the Proposition C Sales Tax or any other revenues of LACMTA. See “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” above. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” in the front part of this Official Statement for a discussion of obligations secured by the Measure R Sales Tax.

### Debt and Interest Rate Swap Policies

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

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

### Proposition A Sales Tax Obligations

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

**Proposition A First Tier Senior Lien Bonds.** LACMTA had the following Proposition A First Tier Senior Lien Bonds outstanding as of March 1, 2020. The Proposition A First Tier Senior Lien Bonds are payable from, and secured by a prior first lien on, Proposition A Sales Tax revenue.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A First Tier Senior Sales Tax Revenue Bonds**  
**(Outstanding as of March 1, 2020)**

<b>Proposition A First Tier Senior Sales Tax Revenue Bonds</b>	<b>Outstanding Principal Amount</b>
Senior Sales Tax Revenue Refunding Bonds, Series 2019-A	\$ 57,745,000
Senior Sales Tax Revenue Refunding Bonds, Series 2018-A	13,225,000
Senior Sales Tax Revenue Bonds, Series 2017-A (Green Bonds)	471,395,000
Senior Sales Tax Revenue Refunding Bonds, Series 2017-B	85,455,000
Senior Sales Tax Revenue Refunding Bonds, Series 2016-A	143,000,000
Senior Sales Tax Revenue Refunding Bonds, Series 2015-A	21,775,000
Senior Sales Tax Revenue Refunding Bonds, Series 2014-A	111,340,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-A	115,865,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-A	42,360,000
Total	<u>\$1,062,160,000</u>

Source: LACMTA.

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

**Proposition A Third Tier Obligations.** LACMTA is authorized to issue and have outstanding, at any one time, up to \$350,000,000 aggregate principal amount of its Proposition A commercial paper notes (the “Proposition A Commercial Paper Notes”). As of March 1, 2020, \$102,500,000 aggregate principal amount of Proposition A Commercial Paper Notes were outstanding. The Proposition A Commercial Paper Notes are payable from Proposition A Sales Tax revenues on a subordinate basis to the Proposition A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations. The Proposition A Commercial Paper Notes can only be issued and outstanding if they are supported by a letter of credit.

The Proposition A Commercial Paper Notes are supported by two letters of credit (the “Proposition A CP Letters of Credit”) issued by Barclays Bank PLC and Citibank, N.A. LACMTA’s reimbursement obligations with respect to the Proposition A CP Letters of Credit are payable from Proposition A Sales Tax revenues on parity with the Proposition A Commercial Paper Notes and on a subordinate basis to the Proposition A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations. The following table sets forth certain terms of the Proposition A CP Letters of Credit.

**Proposition A CP Letters of Credit**

<b>Letter of Credit Provider</b>	<b>Amount of Letter of Credit</b>	<b>Issuance Date</b>	<b>Expiration Date</b>
Barclays Bank PLC	\$199,999,988 <sup>1</sup>	April 25, 2019	April 22, 2022
Citibank, N.A.	149,999,448 <sup>2</sup>	August 17, 2017	August 14, 2020

<sup>1</sup> Supports \$183,694,000 of principal and \$16,305,988 of interest.

<sup>2</sup> Supports \$137,770,001 of principal and \$12,229,447 of interest.

Source: LACMTA

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

**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.

**Proposition C Senior Sales Tax Revenue Bonds.** LACMTA had the following Senior Bonds outstanding as of March 1, 2020, all of which are fixed rate bonds:

**TABLE 5**  
**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Senior Sales Tax Revenue Bonds**  
**(Outstanding as of March 1, 2020)**

<b>Senior Bonds</b>	<b>Outstanding Principal Amount</b>
Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds)	\$418,575,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B	126,425,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2019-C	47,830,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A	54,965,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A	435,310,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A	72,750,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A	61,180,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A	63,395,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B	271,220,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C	41,595,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A	14,635,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B	74,885,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A <sup>1</sup>	37,150,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B	35,485,000
Total	<u>\$1,755,400,000</u>

Source: LACMTA

<sup>1</sup>LACMTA anticipates refunding the Series 2010-A Bonds upon issuance of the Proposition C 2020-A Bonds.

**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, the Board of Directors of LACMTA authorized the issuance of the Proposition C Subordinate Lien Obligations (in the form of bonds, commercial paper notes and other obligations) that may be outstanding, at any one time, in a

principal amount not to exceed \$150,000,000. The Proposition C Subordinate Lien Obligations 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. LACMTA is currently authorized to issue, from time to time, and have outstanding, at any one time, up to \$150,000,000 in aggregate principal amount of Proposition C Subordinate Lien Obligations in the form of Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the “Proposition C Revolving Obligations”). As of March 1, 2020, LACMTA had \$45,000,000 in aggregate principal amount of the Proposition C Revolving Obligations outstanding. LACMTA expects to issue additional Proposition C Revolving Obligations in the future.

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

The following table sets forth certain terms of the Proposition C Revolving Obligations.

**Proposition C Revolving Obligations**

<b>Revolving Obligations Bank</b>	Wells Fargo Bank, National Association
<b>Principal Amount</b>	\$150,000,000
<b>Expiration/Maturity Date</b>	April 24, 2022 <sup>1</sup>

<sup>1</sup> Can be converted to a term loan payable in equal quarterly installments beginning nine months after the Expiration/Maturity Date and ending five years after the Expiration/Maturity Date if specified conditions are satisfied.

**Other Obligations**

**General Revenue Bonds.** As of March 1, 2020, there was \$64,770,000 aggregate principal amount of LACMTA’s General Revenue Refunding Bonds (Union Station Gateway Project), Series 2015 (the “Series 2015 General Revenue Bonds”) outstanding, and \$14,845,000 aggregate principal amount of LACMTA’s General Revenue Refunding Bonds (Union Station Gateway Project), Series 2010-A (the “Series 2010-A General Revenue Bonds,” and together with the Series 2015 General Revenue Bonds, the “General Revenue Bonds”) outstanding. The General Revenue Bonds are secured by a pledge of farebox revenues, fee and advertising revenues and Proposition A Sales Tax and Proposition C Sales Tax revenues that remain after the application of those revenues to the payment of principal and interest on certain Proposition A Sales Tax secured obligations, in the case of the Proposition A Sales Tax, and certain Proposition C Sales Tax secured obligations, in the case of the Proposition C Sales Tax.

**Measure M**

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

## INVESTMENT POLICY

### General

Certain features of LACMTA’s Investment Policy are summarized in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

### Investment Balances

As of December 31, 2020 (based on unaudited financial information), LACMTA had approximately \$985.4 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. LACMTA had approximately \$2.64 billion in additional non-discretionary trust accounts, primarily for pension and OPEB.

Additionally, as of December 31, 2020, LACMTA had approximately \$1.51 billion (book value) deposited in discretionary/operating accounts. Such discretionary/operating accounts were invested in the investments summarized in the following table:

<b>Discretionary/Operating Accounts Investments</b>	<b>Percentage of Total Book Value as of December 31, 2020</b>
Local Agency Investment Fund	9%
Bank Deposits	8
Subtotal	16%
Managed Investments	
U.S. Treasuries	28
Federal Agencies	20
Corporate Notes	17
Commercial Paper	5
Municipal securities	4
Money Market Funds	5
Asset Backed Securities	4
Medium Term Notes	2
Subtotal Managed Investments	87%
Total Cash and Investments*	100%

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

As of December 31, 2020 the liquid reserve of the discretionary accounts, which totaled approximately \$367.2 million in market value, was managed internally by LACMTA and had an average maturity of 26 days. LACMTA’s Investment Policy prohibits investing in reverse repurchase agreements.

Moneys released to LACMTA pursuant to the Agreement, including moneys in the discretionary/operating accounts, do not secure the Senior Bonds and LACMTA is not obligated to use such



amounts to pay debt service on the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Flow of Funds.”

Additional information regarding LACMTA’s investments are included in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

## LITIGATION

### Sales Tax Litigation

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

On September 28, 1995, the California Supreme Court affirmed the California Court of Appeal’s ruling in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a half cent sales tax by the Santa Clara County Local Transportation Authority. LACMTA does not believe such decision has any effect on the validity of LACMTA’s Proposition C Sales Tax.

### Other Litigation

In addition to the matters described herein, various other claims have been asserted against LACMTA. To the knowledge of LACMTA, none of such pending claims will materially and adversely affect LACMTA’s ability to pay the principal of and interest on any of its debt obligations.

## CALIFORNIA PUBLIC EMPLOYEES’ PENSION REFORM ACT OF 2013

**[to be discussed and updated if still appropriate to include]** In 2012, the State Legislature adopted and the Governor signed into law the Public Employees’ Pension Reform Act of 2013, Cal. Gov’t Code §7522, et seq. (“PEPRA”), which limits pension benefits and increases the retirement age for public employees, requires public employees to pay for half of their pension costs, and stops abusive pension practices. Following enactment of PEPRA, several unions representing public transit employees in the State (including employees of LACMTA) asserted to the U.S. Department of Labor (“USDOL”) that PEPRA was inconsistent with collective bargaining rights that are protected under Section 13(c) of the Federal Transit Act. Section 13(c) requires the preservation of employees’ bargained for rights and continuation of these rights. Before a local government agency receives federal funds for a particular transit system, USDOL must certify that employees’ bargained for rights are preserved and their collective bargaining rights continue.

Soon after PEPRA’s passage, USDOL refused to certify federal grants to California transit agencies, including LACMTA, based on union objections that PEPRA violated Section 13(c) protections. On behalf of two affected transit agencies, the State successfully challenged USDOL’s decisions under the Administrative Procedure Act in federal court in 2013, and the court remanded the matter to USDOL for reconsideration. The State had enacted a temporary suspension of PEPRA while the litigation was in process. The temporary suspension allowed federal funds to flow during that period but ended on December 30, 2014 with the court’s ruling. In 2015, USDOL on remand again refused to certify the Federal Transportation Administration (“FTA”) grants at issue. Again the State sought relief in federal court.

Meanwhile, USDOL began certifying the FTA grants to LACMTA later in 2015 subject to new certification provisions requiring grantees to restore pre-PEPRA pension benefits or refund the amount of the grants received since January 1, 2015 in the event USDOL’s decisions were ultimately upheld by the court.

On January 24, 2018, the court resolved the dispute in favor of the State and enjoined USDOL from relying on PEPRA to deny transit funding to the two transit agencies represented by the State in the litigation. However, the court declined the State’s request to enjoin USDOL from using PEPRA to deny Section 13(c) certification to *any other* California transit agency grantee. On March 8, 2019, USDOL represented to the court in a joint status report that it fully intends to comply with the court’s order.

In April and May 2019, a union representing LACMTA employees objected to certification of two grants totaling \$27.4 million on the basis that PEPRA precludes LACMTA from continuing collective bargaining rights as required by Section 13(c). While LACMTA does not know whether USDOL will certify the grants or not, it is possible that USDOL will refuse to certify as a result of the union’s objection letter. If this were to occur, FTA would not be able to release the \$27.4 million of grant funds to LACMTA. It is possible that other FTA grants to LACMTA may be similarly challenged.

Ultimately, USDOL’s actions could lead to further litigation against USDOL, brought either by one or more California transit agencies if USDOL refuses to certify grants to such agencies based on union objections to PEPRA, or by the objecting union if USDOL certifies such grants.

FTA grants are a significant source of funding for LACMTA. LACMTA expects to apply for an additional \$512 million of FTA grants through December 2020. If LACMTA does not receive these grants, it may have to potentially delay or cancel projects or use alternate funding sources for projects, possibly including additional Senior Bonds or Senior Parity Debt. Senior Bonds and Senior Parity Debt may be issued only if the additional bonds tests described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Measure R Sales Tax Obligations—Senior Obligations” are satisfied.

LACMTA’s collection of Measure R Sales Tax revenues to pay debt service on the Senior Bonds, including the Series 2020 Bonds, is not affected by the receipt of FTA grants.]

**APPENDIX B**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

## APPENDIX C

### LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

**[additional updates closer to posting]** The Measure R Sales Tax derives from a retail transaction and use tax applicable to all taxable sales throughout Los Angeles County. As such, sales tax revenues reflect a number of economic factors that influence taxable transactions, including population, employment and income. Some of those factors are described below.

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

#### Los Angeles County

As of January 1, 2019, the County had an estimated population of over 10.2 million. Los Angeles County is the largest County in the country by population, and includes over a quarter of the State of California's (the "State") population. The County covers 4,084 square miles, and includes 88 incorporated cities, with over 9.2 million residents, as well as unincorporated communities with over one million residents.

#### Population

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

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

	<u>County of Los Angeles</u>	<u>Annual Growth Rate<sup>1</sup></u>	<u>State of California</u>	<u>Annual Growth Rate<sup>1</sup></u>
2000	9,519,330	–	33,873,086	–
2005	9,816,153	0.62%	35,869,173	1.15%
2010	9,818,605	0.00	37,253,956	0.76
2011	9,885,948	0.69	37,594,781	0.91
2012	9,972,649	0.88	37,971,427	1.00
2013	10,040,960	0.68	38,321,459	0.92
2014	10,098,952	0.58	38,622,301	0.79
2015	10,155,753	0.56	38,952,462	0.85
2016	10,185,851	0.30	39,214,803	0.67
2017	10,226,920	0.40	39,504,609	0.74
2018	10,254,658	0.30	39,740,508	0.60
2019	10,253,716	(0.01)	39,927,315	0.47

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

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark. Sacramento, California, May 2019.

## Industry and Employment

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

The California Employment Development Department has reported final unemployment figures for December 2019 of 3.7% statewide and 4.0% for Los Angeles County (seasonally adjusted).

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Civilian Labor Force</b>					
County of Los Angeles					
Employed	4,591,100	4,671,100	4,789,300	4,883,600	4,898,100
Unemployed	413,000	331,200	265,400	240,300	239,000
<b>Total</b>	<u>5,004,100</u>	<u>5,002,300</u>	<u>5,054,900</u>	<u>5,123,900</u>	<u>5,137,100</u>
<b>Unemployment Rates</b>					
County	8.3%	6.6%	5.3%	4.7%	4.7%
State	7.5	6.2	5.5	4.8	4.2
United States	6.2	5.3	4.9	4.4	3.9

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

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.

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**Table C-3**  
**LOS ANGELES COUNTY**  
**ESTIMATED 2018 INDUSTRY EMPLOYMENT<sup>1</sup>**

	County		State of California	
	Number of Employees	% of Total	Number of Employees	% of Total
Total Farm	4,800	0.1%	424,200	2.4%
Mining and Logging	1,900	0.0	22,900	0.1
Construction	146,000	3.3	859,600	4.9
Manufacturing	343,700	7.7	1,325,400	7.5
Trade, Transportation and Utilities	850,900	19.2	3,051,600	17.3
Information	217,400	4.9	543,700	3.1
Financial Activities	223,000	5.0	836,300	4.8
Professional and Business Services	620,000	14.0	2,663,700	15.1
Educational and Health Services	823,600	18.5	2,726,500	15.5
Leisure and Hospitality	534,300	12.0	1,986,100	11.3
Other Services	159,700	3.6	572,100	3.3
Government	589,600	13.3	2,587,400	14.7
Total <sup>2</sup>	4,514,900	100.0%	17,599,500	100.0%

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

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

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

Source: California Employment Development Department, Labor Market Information Division. Based on March 2018 Benchmark report released March 22, 2019.

### **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 sets forth the estimate of personal income for the County from 2013 to 2017 and both the State and United States from 2013 to 2018.

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

<u>Year and Area</u>	<u>Personal Income<sup>1</sup> (thousands of dollars)</u>	<u>Per Capita Personal Income<sup>1</sup> (dollars)</u>
<b>2013</b>		
County <sup>2</sup>	\$ 491,016,518	\$49,010
State <sup>3</sup>	1,885,672,400	49,173
United States <sup>3</sup>	14,175,503,000	44,826
<b>2014</b>		
County <sup>2</sup>	\$ 525,088,691	\$52,130
State <sup>3</sup>	2,021,640,000	52,237
United States <sup>3</sup>	14,983,140,000	47,025
<b>2015</b>		
County <sup>2</sup>	\$ 560,484,548	\$55,366
State <sup>3</sup>	2,173,299,700	55,679
United States <sup>3</sup>	15,711,634,000	48,940
<b>2016</b>		
County <sup>2</sup>	\$ 577,071,787	\$56,851
State <sup>3</sup>	2,259,413,900	57,497
United States <sup>3</sup>	16,115,630,000	49,831
<b>2017</b>		
County <sup>2</sup>	\$ 593,741,110	\$58,419
State <sup>3</sup>	2,364,129,400	59,796
United States <sup>3</sup>	16,820,250,000	51,640
<b>2018</b>		
County <sup>2</sup>		
State <sup>3</sup>	2,475,727,500	62,586
United States <sup>3</sup>	17,572,929,100	53,712

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

<sup>2</sup> Last updated: March 11, 2019—revised statistics for 2013-2017. Source: U.S. Bureau of Economic Analysis, “Table CAINC1 - Personal Income Summary” (accessed March 11, 2019).

<sup>3</sup> Last updated: March 26, 2019—new statistics for 2018; revised statistics for 2013-2017. Source: U.S. Bureau of Economic Analysis, “Table SAINC1 - Personal Income Summary” (accessed March 26, 2019).

## Retail Sales

The following table sets forth taxable sales for the County for calendar years 2014 through 2018, with 2018 being the last full year for which data are currently available.

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

	<u>2014</u>	<u>2015<sup>3</sup></u>	<u>2016<sup>3</sup></u>	<u>2017<sup>3</sup></u>	<u>2018<sup>3</sup></u>
Motor Vehicle and Parts Dealers	\$ 16,564,553	\$ 18,058,173	\$ 18,502,763	\$ 18,564,128	\$18,935,861
Furniture and Home Furnishings Stores	2,734,737	-	-	-	-
Home Furnishings and Appliance Stores	-	7,832,717	7,842,401	7,608,635	7,536,953
Electronics and Appliance Stores	4,040,534	-	-	-	-
Bldg., Materials & Garden Equipment & Supplies	6,971,149	7,402,869	7,688,704	8,033,660	8,446,279
Food and Beverage Stores	6,279,795	6,522,672	6,696,653	6,922,478	7,106,527
Health and Personal Care Stores	3,414,941	-	-	-	-
Gasoline Stations	13,265,979	11,635,839	10,137,302	10,962,033	12,553,326
Clothing and Clothing Accessories Stores	10,560,952	10,974,322	11,413,847	11,554,496	12,258,410
Sporting Goods, Hobby, Book, and Music Stores	2,460,392	-	-	-	-
General Merchandise Stores	11,557,051	10,912,560	10,904,814	11,249,712	12,583,909
Miscellaneous Store Retailers	5,204,656	-	-	-	-
Nonstore Retailers	2,170,084	-	-	-	-
Food Services and Drinking Places	18,964,996	20,605,855	22,002,191	23,198,676	24,016,431
Other Retail Group	-	14,202,014	14,808,367	15,186,560	15,707,358
Total Retail and Food Services	<u>104,189,819</u>	<u>108,147,021</u>	<u>109,997,043</u>	<u>113,280,347</u>	<u>119,145,054</u>
All other outlets <sup>1</sup>	43,257,109	42,886,760	44,211,290	45,979,009	46,878,742
<b>TOTAL ALL OUTLETS<sup>2</sup></b>	<u><u>\$147,446,927</u></u>	<u><u>\$151,033,781</u></u>	<u><u>\$154,208,333</u></u>	<u><u>\$159,259,356</u></u>	<u><u>\$166,023,796</u></u>

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

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

<sup>3</sup> Industry-level data for 2015 through 2017 are not comparable to that of prior years.

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



## **APPENDIX D**

### **SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS**

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

### **DEFINITIONS**

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

## **SIXTH SUPPLEMENTAL AGREEMENT**

The below summary of the Sixth Supplemental Agreement contains a brief summary of certain basic provisions of the Sixth Supplemental Agreement.

**APPENDIX E**

**FORM OF BOND COUNSEL APPROVING OPINION**

[Closing Date]

Los Angeles County Metropolitan  
Transportation Authority  
Los Angeles, California

\$ \_\_\_\_\_  
Los Angeles County  
Metropolitan Transportation Authority  
Measure R Sales Tax Revenue Refunding Bonds  
Series 2020-A

\$ \_\_\_\_\_  
Los Angeles County  
Metropolitan Transportation Authority  
Measure R Sales Tax Revenue Refunding Bonds  
Series 2020-B (Green Bonds)

Ladies and Gentlemen:

[to come]

## 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 \$[\_\_\_\_\_] Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A and its \$[\_\_\_\_\_] Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020B (Green 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 Junior Subordinate Trust Agreement, dated as of May 1, 2020, as amended and supplemented, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the First Supplemental Junior Subordinate Trust Agreement, dated as of May 1, 2020, 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 2020-A Bonds and any beneficial owner of Series 2020-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 May \_\_, 2020, prepared and distributed in connection with the initial sale of the Series 2020-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 2020-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 ended June 30, 2020, 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 timely 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:**[table information to be updated]**

(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—Historic Net Measure R Sales Tax Revenues" of the Official Statement; and

(c) Updated information of the type set forth in "TABLE 7—Los Angeles County Metropolitan Transportation Authority, Combined Measure R Debt Service Schedule" of the Official Statement, but only the information in the column entitled "Total Debt Service" and the information under the column entitled "Combined Total Debt Service" 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 2020-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 2020-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 2020-A Bonds;

6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Authority; or

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

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

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

(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 2020-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 2020-A Bonds or other material events affecting the tax status of the Series 2020-A Bonds;
2. Modifications to rights of the Owners of the Series 2020-A Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2020-A Bonds;

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

(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 2020-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 2020-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 2020-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 2020-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 2020-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 2020-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 2020-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 \_\_\_\_, 2020.

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 2020-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 2020-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 2020-A BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE SERIES 2020-A BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2020-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 2020-A Bonds. The Series 2020-A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Series 2020-A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

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

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

Purchases of the Series 2020-A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020-A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020-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 2020-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 2020-A Bonds, except in the event that use of the book-entry system for the Series 2020-A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020-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 2020-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 2020-A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2020-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. Beneficial Owners of Series 2020-A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020-A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2020-A Bond documents. For example, Beneficial Owners of Series 2020-A Bonds may wish to ascertain that the nominee holding the Series 2020-A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2020-A Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2020-A Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020-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 2020-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 2020-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 2020-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 2020-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). In that event, Series 2020-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 2020-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 2020-A Bonds will be payable as described in the front part of this Official Statement under the caption "DESCRIPTION OF THE SERIES 2020-A BONDS—General."