

MOTION
Introduced by Director Villaraigosa

The Los Angeles County Metropolitan Transportation Authority (Metro) periodically undertakes financing activities to pay for projects, re-finance existing debt and accomplish other necessary agency goals. These activities allow Metro to meet its transportation commitments to the public in the most timely fashion available and to take advantage of opportunities to save public tax dollars when favorable re-financing is available. These financing activities also provide Metro with an opportunity to work with leading investment banking and financial firms of various sizes to put together the most advantageous financing deals. More often than not, Metro has relied on Wall Street-based firms to manage these deals.

In addition to meeting their financing needs, public entities such as Metro can use these activities to provide opportunities to local, emerging and disadvantaged business enterprise (DBE) firms to participate or take lead roles in putting together packages. For example, agencies and entities such as the Metropolitan Water District, the State of California, the California Endowment, the Los Angeles City Department of Water and Power, among others, have provided Southern California-based firms with senior manager assignments on major financing arrangements, while Metro has not yet chosen to do so.

Metro has, in the last few years, packaged its financing deals in a manner that has created impediments for locally-based firms to compete for senior manager roles. By issuing RFPs for bond packages of \$150 million or more, or relying on relatively new, higher-risk strategies such as interest rate swaps, Metro has made it difficult for smaller firms to manage deals.

Metro's financing strategies should provide the maximum boost to the local economy possible. Approaches such as "unbundling" large bond deals, directly negotiating packages when appropriate rather than using RFPs, and reserving high-risk instruments for situations in which the extra risk is more fully warranted can contribute to accomplishing this if they become part of the agency's policies regarding bond and other financing opportunities.

NOW, I THEREFORE MOVE that Metro administration and staff report to the Board of Directors in one month regarding policies, strategies and implementation recommendations for enabling wider participation and management of local, emerging and DBE investment banking and financial firms in Metro's financing activities.